

Finance Committee Authority Briefing

Agenda item 10

Friday 21 October 2016, 1pm
at The Forum, 74-80 Camden Street, London NW1

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Present:

Dominic Booth, Chair
Andrew Pollins
Bill Matthews

Andrew Figgures, CB CBE
Charlotte Vitty
Joanna Pennington
Harriet Andrews (minutes)

CC Paul Crowther OBE
Ally Cook
Simon Downey OBE
Becky Williams
John Parmenter

Apologies:

Ray O'Toole

MTFP

1. The MTFP will be discussed in detail at the Authority meeting under agenda item 10.

2. Summary of Finance Committee feedback:

- 2.1 Whilst greater detail is expected for the final MTFP submission the Finance Committee agreed the funding envelope of £223.6m for the Overground on the assumption of a positive response from DfT on the Efficiency presentation.
- 2.2 (Afternote. Richard Carter, Director Rail Strategy and Security reported 251419AOCT16 a 'very successful meeting'. Jonathan Moore Director General Corporate Resources and Strategy DfT, the Chair, summed up by saying 'the meeting was convinced about the level of commitment, the fact there was a plan, and by the governance.')

- 2.3 The Chief Constable has been asked to speak to the Industry and Home Office regarding funding of the Counter Terrorism Hub; and to DfT on funding for ESMCP.

2015/16 PSA Charges Update

3. The paper has been attached with this report for Authority members to read.

- 3.1 The intention is to send PSA holders a letter detailing the 15/16 actual charges will also give them an indication without commitment of the level of 17/18 provisional charge to expect to allow the industry to budget an appropriate figure.

Action:

- 3.2 The Chief Executive will speak to all PSA holders where major movements from the 2015/16 provisional to actual charges exist to warn them of the impending letter.
- 3.3 The Authority Finance Director will speak to the Audit Committee Chair regarding the request for internal audit review to review the Charging Model. Communications to PSA holders will commence whilst the audit continues on the basis that the audit focus will be on the future rather than historical charging process.

Period 7 Results

4. Full year forecast:

- 4.1 The P7 full year forecast is to budget (core revenue budget, excluding revenue project spend), following management measures put in place to address the budget gap and post decision of the Chief Officer Group (COG) on restricting police staff and officer recruitment. This is through requiring the workforce (police officers and staff) to be held at levels that are significantly below establishment.
- 4.2 The forecast figures do not include:
- The additional £3.5m for CT (currently forecast as £2.4m).
 - The depreciation on externally funded assets for 2016-17 (£2.9m)
 - £0.6m shortfall to be added to actual Overground expenditure at year end and recovered as part of the FY 17/18 provisional charge.

5. Project expenditure:

- 5.1 The agreed budget of £10.48m for 2016/17 now covers capital (£8.7m) and revenue (£1.74m).
- 5.2 The capital programme has been allowed to over-programme its activity to £9.9m on the assumption that actual spend by year end will not reach the agreed budget value.

Action:

- 5.3 The Authority Finance Director is to work through the charging implications of the £1.74m reallocated spend from capital to revenue with the BTP Finance Director.

6. Cashflow

- 6.1 [REDACTED]

7. South West Trains

Action:

- 7.1 The Chief Executive reported that he is due to meet DfT and South West Trains to discuss the current dispute on charges on 24 October. He will update further at the Authority meeting.

8. 2016/17 Counter Terrorism Spend

- 8.1 [REDACTED]

9. Finance Action Plan

Main areas of development as at 21 October 2016

- 9.1 In-year forecasting and budgeting – achieving a balanced budget
9.2 Improved embedding of controls (see KPI summary below)
9.3 Resource is in place to support programme and project management
9.4 Commercial resource now being provided on IT programmes.
9.5 Improved periodic reporting to DfT- positive feedback received from DfT.

10.KPIs

- 10.1 All bank KPIs are currently green.
10.2 Management Accounting and payroll KPIs all indicate improvement from the prior period.
10.3 Accounts receivable and payable KPIs still show some red however the trend charts presented showed that progress has been made each period towards reaching the target level.
10.4 New Procurement and Commercial KPIs have been developed and included in the slidepack. Tracking will commence in the next week.

11. Restructure

- 11.1 Offers have been given and accepted for all three Deputy Director roles. A formal announcement will be made by the BTP Finance Director once vetting has been completed.
- 11.2 The consultation phase for the next level down in the new structure has commenced.

12. Force Projects Report

Force Boards

- 12.1 The Service Improvement Board has been reconfigured. It will manage the Force portfolio of change programmes and projects, irrespective of whether they are capital or revenue funded. This will be supported by a new Investment Board which will engage with projects much earlier to ensure they operate in accordance with direction and build the evidence required at the major approval stages.

13. Portfolio report

- 13.1 The programme consists of nineteen projects, of these four projects have an overall status of Red, four projects have a status of Amber and eleven have a status of green.
- 13.2 One red project is Body Worn Video which has been in exception since May. There are technical concerns over the capacity of low bandwidth sites to accommodate data demands when video imagery is uploaded at scale. Alternative approaches to hosting BWV are currently being considered.
- 13.3 Two of the red projects relate to security of FHQ and Blundell Street. Project delivery dates have slipped from the original dates as a result of additional design work from the vehicle impact-resistant gates. Both projects will deliver in-year to performance and cost.
- 13.4 The remaining project is Control Works which is discussed as a separate item below.

Capita Contract Update- ControlWorks

14. Background

- 14.1 ControlWorks went live on 30 June 2016. Two major issues were identified:
 - General speed of the application was too slow
 - Frequent crashing of the application.
- 14.2 Several interventions by BTP and Capita have gradually improved performance and reliability but still exist.

15. Milestones and financial implications

- 15.1 While these critical and high defects remain BTP cannot accept milestones 4, 5, or 6 (7 in total) under the terms of the contract.
Milestone 4 : £196,935 inc VAT
Milestone 5: £131,290 inc VAT
Milestone 6: £131,290 inc VAT
- 15.2 Notification was given to Capita that BTP will be seeking Liquidated Damages as per the contract. Liquidated damages can be applied at £25k per week up to a maximum of £156k.
- 15.3 Capita has requested discussions with BTP to agree a revised implementation schedule. Contract management meetings remain to be held on a weekly basis between BTP and Capita.
- 15.4 With the continuing performance issues there is an ongoing need to keep the PA Consultant Technical Architect at BTP for longer- the cost will be £104k excluding VAT. The intention is that the cost will be defrayed throughrom the liquidated damages.

Action:

- 15.5 The Finance Committee has asked for a post-implementation review to be reported to them in order to capture all lessons learnt from these issues.

Efficiencies Presentation

16. Update

- 16.1 The Finance Committee were provided with the updated Efficiency presentation prepared for the DfT session on 25 October 2016. Further feedback on the session will provided under Authority meeting agenda item 9.