

Report to: Police Authority
Agenda #: 6
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Subject: CEO Update for Members
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1. Purpose of paper

- 1.1 This paper provides an update to Members on a range of Executive activities since my update to the December meeting.

2. Near Term Financial Issues

2.1 20/21 Outturn

Spend in 20/21 is likely to exceed the budget by around £9m. All that extra £9m is being met by central government (on BTPA confirmation that it represents legitimate extra Covid costs) be it through additional deployments requested by DfT (Big Wing), PPE purchases or other costs genuinely attributable to the pandemic.

A sizeable provision (up to around £10m) is being made in 21/22 for the carry-over of annual leave not taken in the pandemic year. The equivalent figure in a normal year is around £2m. BTP will need to ensure a clear line of sight on how this £10m is resolved in 21/22 and beyond. BTP will need to ensure both that cash outflow risks are not realised due to untaken annual leave and that operational capacity is available throughout the year.

2.2 21/22 Budget

A revenue budget of £323m for 21/22 was approved by the Authority in December.

Since that time, the Home Office have confirmed an additional grant for County Lines work of £4.3m for 21/22 – this compares with £3.7m for 20/21. In line with

decisions of the Authority in December, the Executive Team also added a further £1m to the core policing charge for 21/22 in anticipation of additional costs of policing the Elizabeth Line in 21/22. Further work is needed on assessing an additional contribution from TfL for policing the Elizabeth Line. With the benefit of experience in 21/22, costs for policing the Elizabeth Line will be added or reimbursed to core policing PSA holders and to TfL as appropriate as part of the 22/23 charges.

2.3 Pay

As anticipated in the December meeting of the Authority, the Appointments and Remuneration Committee have accepted the expectation of DfT that the public sector pay freeze will apply to BTP officers and staff in 21/22. However, increments will continue to be payable to both Officers and Staff. The Executive Team have been asked to ensure that is fully understood within DfT.

3) Strategic Financial Issues

3.1 SR21

Members will recall that, in the event, the Spending Review of 2020 resulted in a settlement for one year only. Indications are that the Spending Review process will be re-run this year through the summer and into the autumn, though nothing has been said officially. We will have the material submitted last August, we may have some early thoughts from our new Chief Constable. We hope that last year's timescales (in which all BTP/A's SR work had to start and finish in August) can be avoided.

3.2 Emergency Measures Agreements and Direct Awards

Executive Team colleagues have kept in contact with DfT officials both on the overall timescales for the transition from Emergency Measures Agreements for TOCs and on the specific issues for individual operators. These new agreements continue on a path towards the longer term financial arrangements to be set out in the Williams Review White Paper – now not expected until May at the earliest.

3.3 20/21 Wash up Process

Members will recall that the financial dislocation caused by the pandemic prompted the Executive Team to consult with PSA holders on a proposal to stick with the

provisional cost allocations for 20/21 – and not to run a retrospective ‘wash up’ process after year end. The responses to the consultation were broadly supportive. The Executive Team will produce a summary report soon – there will be some judgements to be made about the application to some smaller but significant contributors e.g. freight operators and Open Access operators. We expect to ask Strategy and Planning Committee and the Full Authority to take a formal decision in June.

4) Risk, Assurance and Governance

4.1 Risk Management

Members will have noticed steps the Executive Team has taken to help ensure risk management is more fully embedded in Authority decision making (e.g. a standing agenda item on each Committee agenda). A fuller assessment of our current risks is planned for our Board Development Day on 19 May. A shorter agenda item at the 24 March Authority meeting is planned to pave the way for the session in May.

4.2 Management Assurance Return

The enhanced focus on risk is partly a response to our own assessment of ‘limited’ assurance on Risk Management Maturity, as reported in BTPA’s Management Assurance Return (MAR) to DfT in 2020 and again in 2021 (as approved by our Audit Risk and Assurance Committee this month).

In 2020, we reported *two* areas of limited assurance to DfT as part of the MAR. In 2021, we are reporting *four* areas of limited assurance covering these areas :

- Risk Management Maturity (also in 2020)
- Health and Safety (also in 2020)
- Physical Security
- Cyber Security.

Audit Risk and Assurance Committee discussed the 2021 assessment earlier this month. Their judgement was that the lower scoring this year evidences a greater sophistication and capacity in our self-criticism, rather than a reduction in control overall. Nonetheless, Members will want to be aware of these areas of focus for improvement. One of these - our approach to and responsibilities for Health & Safety - is a key area for discussion on 24 March.

4.3 Board Effectiveness 2021

The Executive Team is very grateful for all the input to our 2021 Board Effectiveness evaluation, the results of which will be discussed at a briefing for Members at the end of this month and then at our Authority meeting in June.

As a supplement to this work and to aid the tightening of our governance, the Executive Team is considering contracting out a short piece of work to help evaluate and update two of our core governance documents :

- Service level Agreement between BTPA and BTP (Annex 6 to our Corporate Governance Code)
- Scheme of Financial Delegation (Annex 7 to our Corporate Governance Code)

Neither document was fundamentally scrutinised as part of the last full revision of the Code in 2017. We feel conditions are right, including with new leadership of BTP, to look more fully at these arrangements. A proposal will come to relevant Members for endorsement once we are clearer on the scope and scale of this commission.

4.4 EPSA Assurance

Sarah McGarel wrote to Members on 29 January (BO62) on the appointment of John Babalola as Head of Contracting at BTPA. John's first task is to overhaul our EPSA Contract Management Process with the aid of the findings of a recent GIAA Audit. John is providing welcome focus and impetus on an area that has concerned some Members for some time.

5) Pensions

- 5.1 Members will recall that a significant amount of Executive Team, and professional advisor, resource has been allocated in recent months to three pension related issues. Two of these issues (the proposal to close the staff pension scheme to new entrants and the Dec 2019 valuation of the staff scheme) are before the March Authority meeting for decision.

The third pension issue relates to the Dec 2018 valuation of the officer pension scheme. The Executive Team, RPMI, DfT and the Pensions Regulator met for the first time as a Steering Group earlier this month. It is likely to be several months more before this valuation is ready for conclusion.

6) Other Strategic Issues

6.1 Strategy Refresh

The Authority is asked to approve a refreshed one year strategy at its meeting on 24 March. The intention is then to work with Lucy D'Orsi (start date 22 March) throughout 2021 on the development of the longer term strategy.

6.2 Integrity Regulations

The new Complaints Regulations were introduced on 4 January. BTPA's Complaints Review Panel had its first meeting on 25 February, albeit without any reviews to formally consider. The ToR, supporting documentation and future approach were agreed. The panel is scheduled to meet monthly unless no reviews are received for consideration.

6.3 TfL/London Estate

Agreement has been reached with TfL for BTP to exit Central London Police Station (Tottenham Court Rd) by April 2022. Alternative accommodation will be provided by TfL near St James Park station. That accommodation is available until the end of 2024. Lucy D'Orsi will be considering with her team further rationalisation opportunities for the end of 2024 as the lease on FHQ also ends at that time. TfL and the Metropolitan Police are engaged in these discussions.

6.4 Manchester Inquiry

I have kept Members up to date with the further planned evidence from BTP officers due at the Manchester Inquiry over the coming weeks. Some Inquiry findings should be released by May of this year – the final report won't be available until into 2022. Meanwhile, BTP continue to assess what improvements and clarifications can be made in advance of the Inquiry findings.

6.5 Police Covenant

The Police, Crime, Sentencing and Courts Bill introduces a Police Covenant in support of police and their families. While the Home Secretary has decided that she

does want the support of the Covenant to be available to BTP and other non Home Office forces, this is to be achieved via a Memorandum of Understanding rather than being on the face of the Act. BTP Police Federation have made strong representations against this position and BTP colleagues and the Executive Team are in touch with officials at DfT and the Home Office to see what can be achieved to ensure BTP officers and staff are afforded the best protection.

6.6 Diversity and Inclusion

Performance and Delivery Committee and the Scottish Railway Policing Committee both took updates this quarter on BTP Diversity and Inclusion work including plans to assure the Legitimacy of BTP's work with and in communities. Our intention is to bring forward more concrete proposals for the Authority to support and endorse once Lucy D'Orsi has considered the options on her arrival in the Chief Constable role.

7) Executive Team

7.1 John Babalola (BTPA Head of Contracting) was introduced to Members at our workshop on 3 February.

We expect Madhvi Raichura to join us on 31 March on a 23 month contract as Charging Manager for BTPA. Madhvi's role will be to operate our cost allocation model. The contract is time limited as we are unsure of the future direction of the Charging Model once the future financial structures of the Rail Industry post pandemic are fully clear. Madhvi replaces Dean Salvador who joined BTPA as an agency member of staff in April 2019. I have been very grateful for Dean's help and support over the last two years and we all wish him well in his next role.

The Exec Team (virtually) moved into Ivason House in November last year. Lockdown has meant we have never properly inhabited that space. The end of lockdown will mean a gradual return to the office, at least in part, either in Ivason House or in FHQ – to be determined with Lucy D'Orsi.

8) Out of Committee Decisions

The following decisions have been taken by the Chief Executive in consultation with Members under urgency procedure since the last meeting of the Full Authority as per paragraph 24, Annex 5 (Procedural Standing Orders) of the BTPA Code of

Governance (2019). The reporting underpinning the decisions is available on Board Intelligence, and from the Board Secretary.

- a. **A008 – Integrity Regulations (22 December 2020).** The final version of the British Transport Police (Complaints and Misconduct) Regulations 2020 was approved, to come into force from 4 January 2021.
- b. **A009 – PSA 2021/22 Provisional Charges (8 February 2021).** The provisional police service(s) agreement charges were approved for issuing to PSA holders in February 2021.
- c. **A010 – Deputy Chief Constable Recruitment** – Appointment of Recruitment Agency (8 February 2021). Gatenby Sanderson were appointed to partner with BTPA in the recruitment of a new Deputy Chief Constable.
- d. **A011 – Extension of Full Maternity and Adoption Pay (3 February 2021).** The extension of full maternity and adoption pay was applied to police officers in line with the Home Office’s approach, backdated to 4 January 2021. This approach was covered by the MTFP given officer roles were fully funded. The approach was likewise applied to police staff, acknowledging that this would give rise to an unfunded £343k cost pressure for 2021/22.
- e. **A012 – End User Compute (EUC) Devices Full Business Case (24 February 2021).** Approval was given to spend £4.935m capital and £200k one-off revenue on a programme to replace aged IT devices through to 2023/24. The full business case included the award of two contracts to Computacenter and XMA for the provision and delivery of new devices.
- f. **A013 – Review of Amendments to Employee Terms and Conditions in response to COVID-19 (2 March 2021).** Approval was given to further extend from 1 March 2021 the increase in paid dependants leave from two days to five days; and the payment of occupational sick pay from day one of service should staff require to self-isolate or should they have COVID-19. Both measures were extended until 21 June 2021, when they will be further reviewed unless there is a significant change in the interim.

Finally for Members’ information please note the following decision made under the Scheme of Financial Delegation(s):

- g. **Rent Review for BTP FHQ, Camden.** Approval was given to agree the FHQ rent review for the term December 2019 to December 2024. Approval was given after consideration of the professional advice provided.