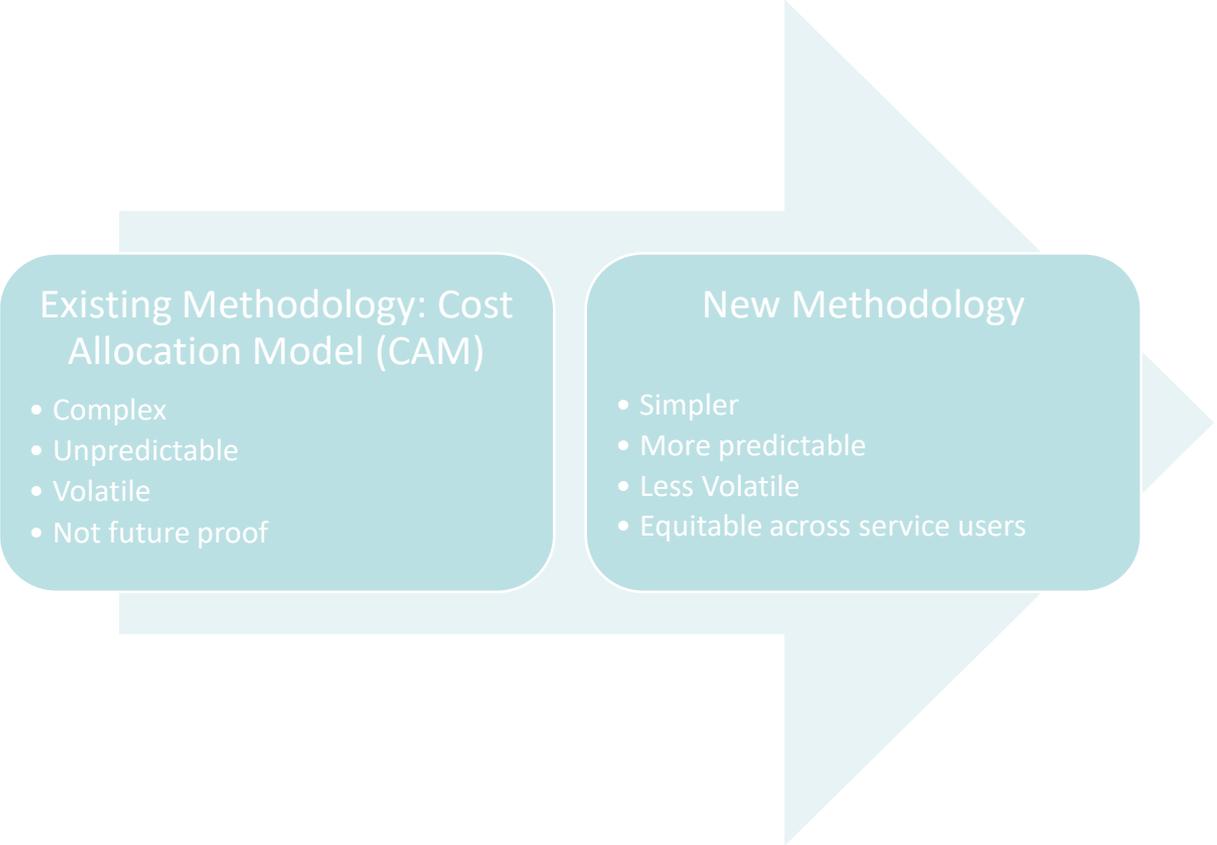# Consultation on reform of the BTPA methodology for the allocation of charges to Police Service Agreement holders

Stakeholder Engagement Session

1 November 2023

About the Consultation

- 6 weeks: 26 September 2023 – 7 November 2023

Existing Methodology: Cost Allocation Model (CAM)
- Complex
- Unpredictable
- Volatile
- Not future proof

New Methodology
- Simpler
- More predictable
- Less Volatile
- Equitable across service users

Overview of Budget Split - Current

Existing methodology:

Existing Methodology: CAM

Review of Charging Methodology

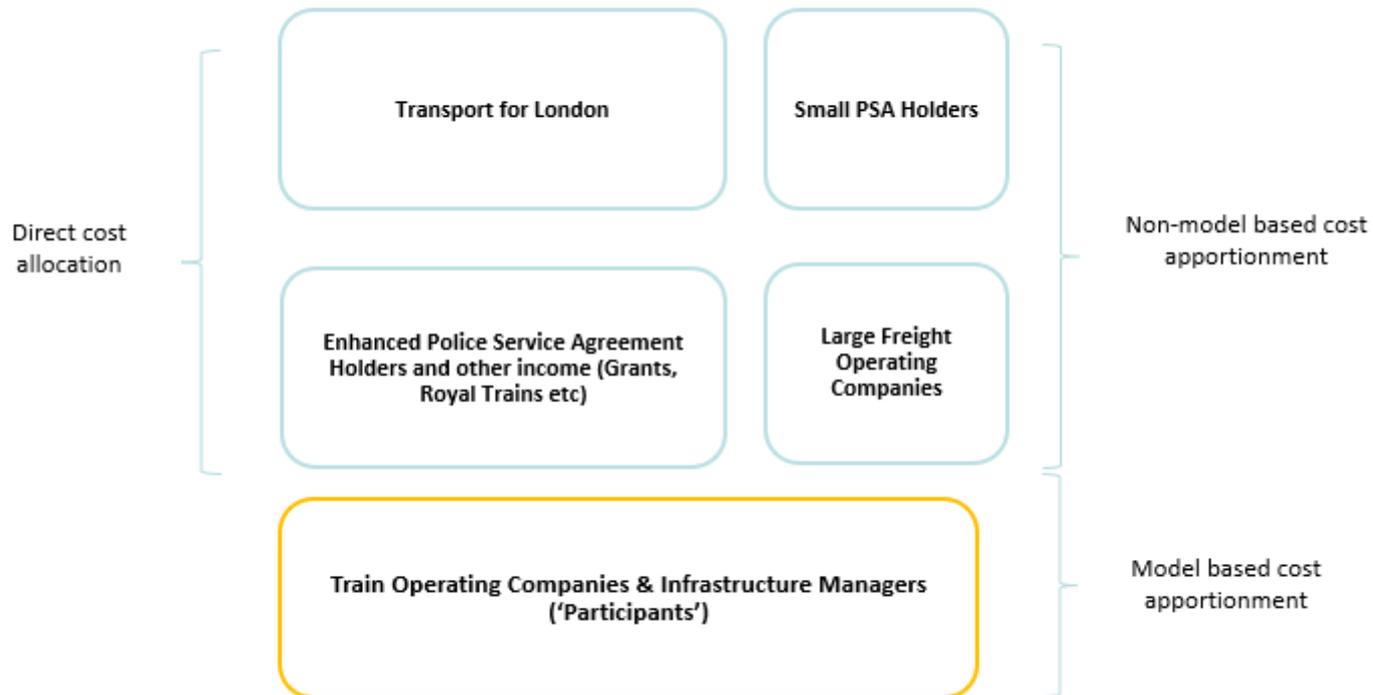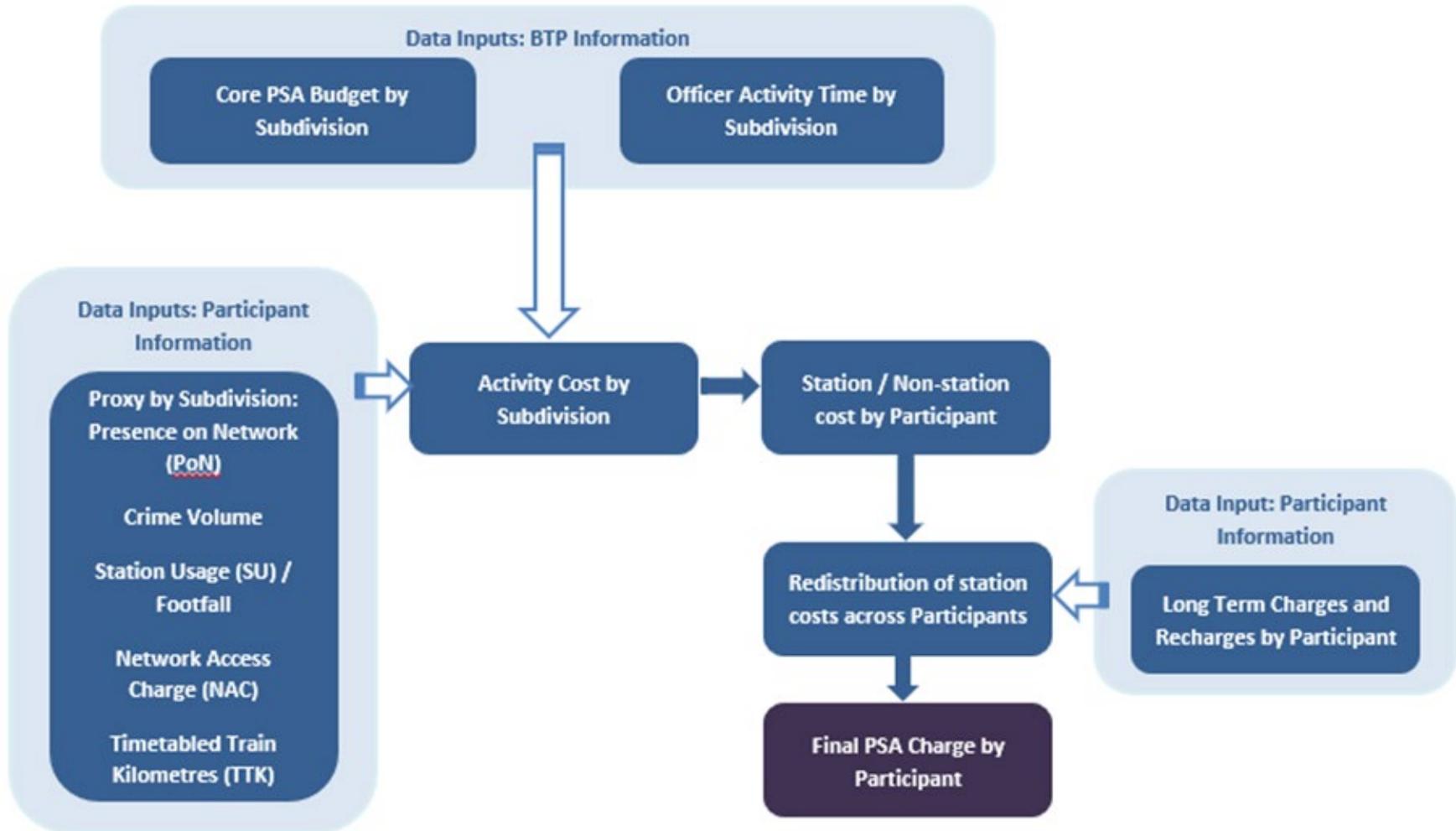### Existing Methodology: Cost Allocation Model (CAM)

- Complex
- Unpredictable
- Volatile
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New Methodology

- Simpler
- More predictable
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- Equitable across service users

Overview of Budget Split - Proposed

Proposed methodology:

Direct cost allocation

Transport for London / HS1

Enhanced Police Service Agreement Holders and other income (Grants, Royal Trains etc)

Small PSA Holders

Non-model based cost apportionment

Train Operating Companies, Infrastructure Managers, Freight Operating Companies & Light Rail & Tram Operators ('Participants')

Model based cost apportionment
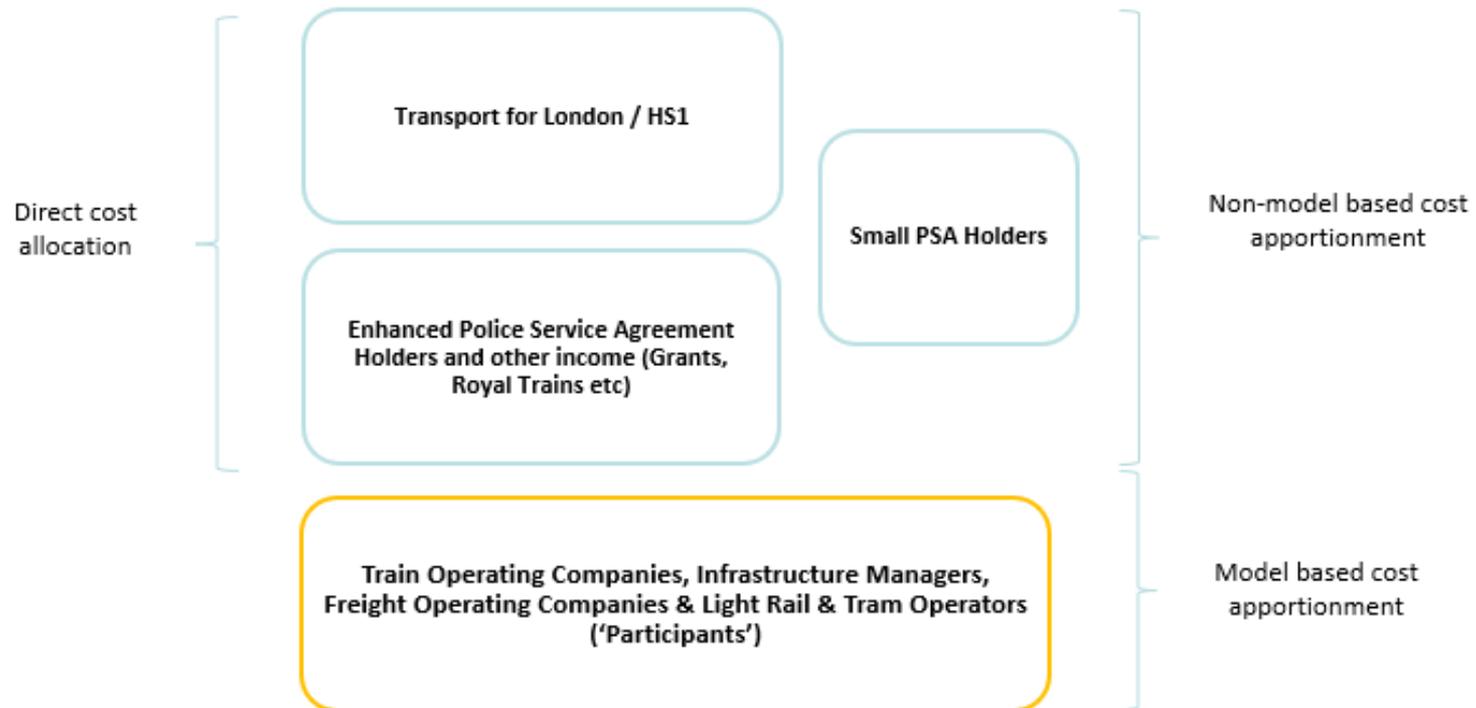
Proposed Methodology
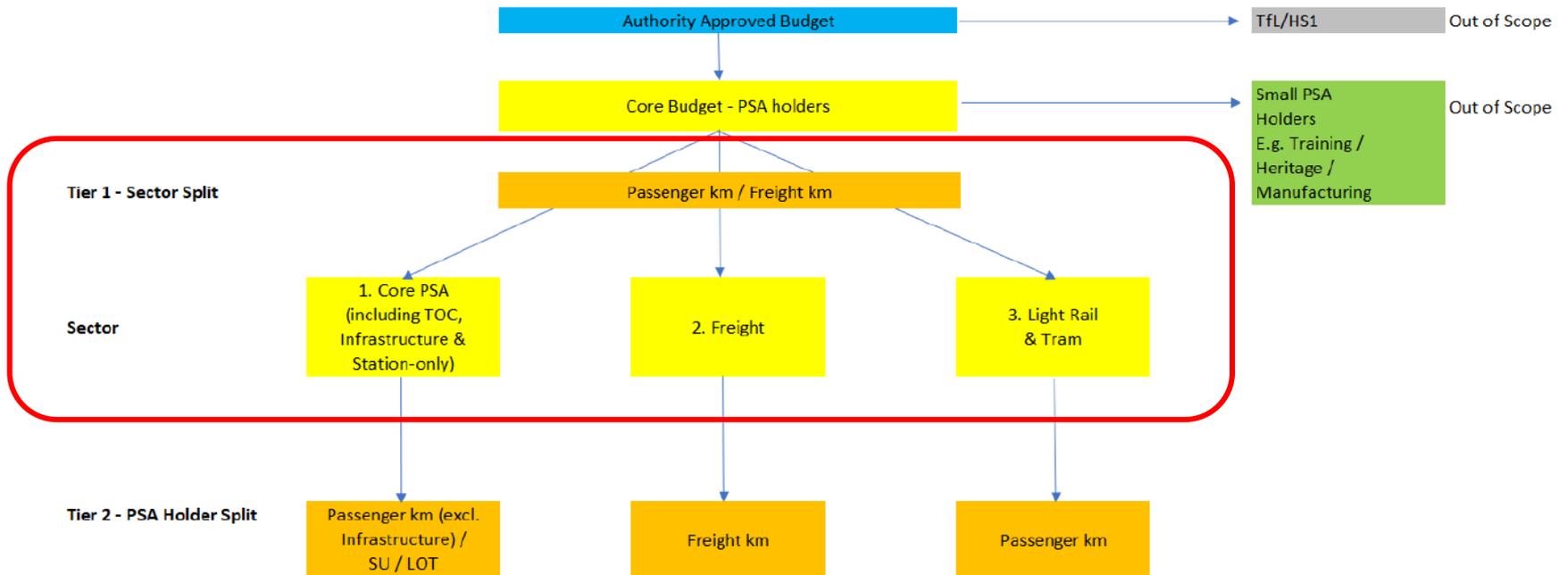
Illustration:
Tier 1 – Sector Split

- All figures used are for illustration purposes only and do not represent actuals.
- Assume core police budget totals £250m for illustration purposes.

| Sector		Metric	Source for actual data	Illustration			
				Passenger km / Freight Train km	Sector split (%)	Charge (£m)	Reference
Core	TOCs	Passenger km	ORR Data Portal - Table 1233	100.0			
	Infrastructure managers	Assumption TOC passenger km = Infrastructure Passenger km	n/a	100.0			
	Station only operators	None	n/a	0			
	Total			200.0	98.5%	246.3	**A**
Freight		Freight Train km	ORR Data Portal - Table 1333	1.0	0.5%	1.2	**B**
LR&T		Passenger km	ORR Data Portal - Table LRT0103	2.0	1.0%	2.5	**C**
Total				**203.0**	**100.0%**	**250.0**	**D**

Proposed Methodology
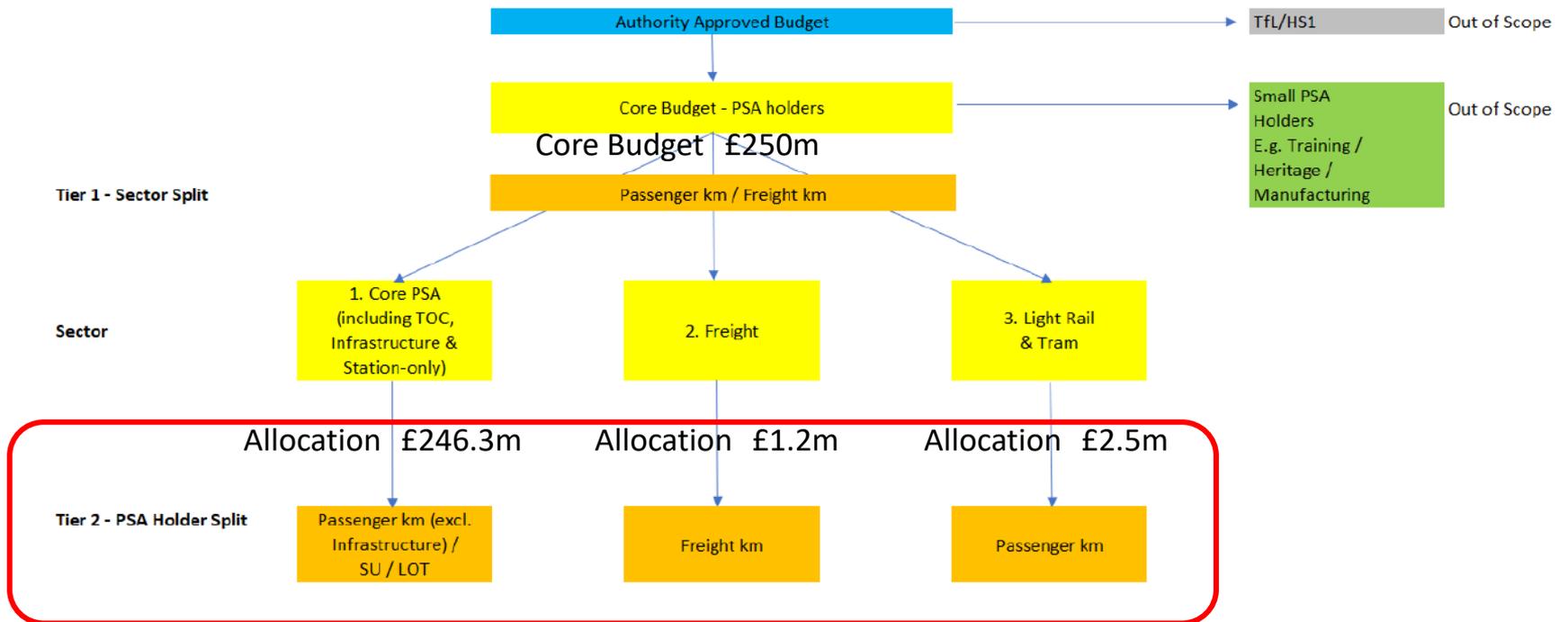
Illustration:
Tier 2 – PSA Holder Split
Core Sector

- All figures used are for illustration purposes only and do not represent actuals.

Core Sector		Illustration				
		Proportion of Metric (%)			**Core PSA Holder**	
Metric		**Passenger Km (ex. Infrastructure) (Pkm)**	**Station Usage (SU) / Footfall (NWR managed stations)**	**Length of Track (LOT)**	**Split (%)**	**Charge (£m)**
Source for actual data		ORR Data Portal - Table 1233	ORR via Consultants (Steer Group) / Network Rail	ORR Data Portal – Table 6320 (Network Rail) CVL Network Statement (AIW) – Section 2.3.1 Track typologies	**Average of Pkm/SU/LOT * Proportion of Tier 1 Core Sector split**	**Average of Pkm/SU/LOT * Tier 1 Core Sector Charge**
Reference		**E**	**F**	**G**	**J = (E+F+G)/3*A**	
TOC	Open Access	1.5%	0.0%	0.0%	0.5%	1.3
	Other - TOC A	*40.0%*	*35.0%*	*0.0%*	*24.6%*	*61.6*
	Other - TOC B	*30.0%*	*20.0%*	*0.0%*	*16.4%*	*41.1*
	Other - TOC C	*28.5%*	*8.2%*	*0.0%*	*12.0%*	*30.1*
	Other - TOC Total	98.5%	63.2%	0.0%	53.1%	132.8
Infrastructure Managers	Network Rail	0.0%	36.5%	99.5%	44.7%	111.7
	Amey Infrastructure Wales	0.0%	0.0%	0.5%	0.2%	0.4
Station only operators	Various	0.0%	0.2%	0.0%	0.1%	0.2
Total Core		**100.0%**	**100.0%**	**100.0%**	**98.5%**	**246.3**

Note - Reference 'A' refers to the Core sector split % / charge (see Tier 1 illustration)

Illustration:
Tier 2 – PSA Holder Split
Freight and LR&T Sectors

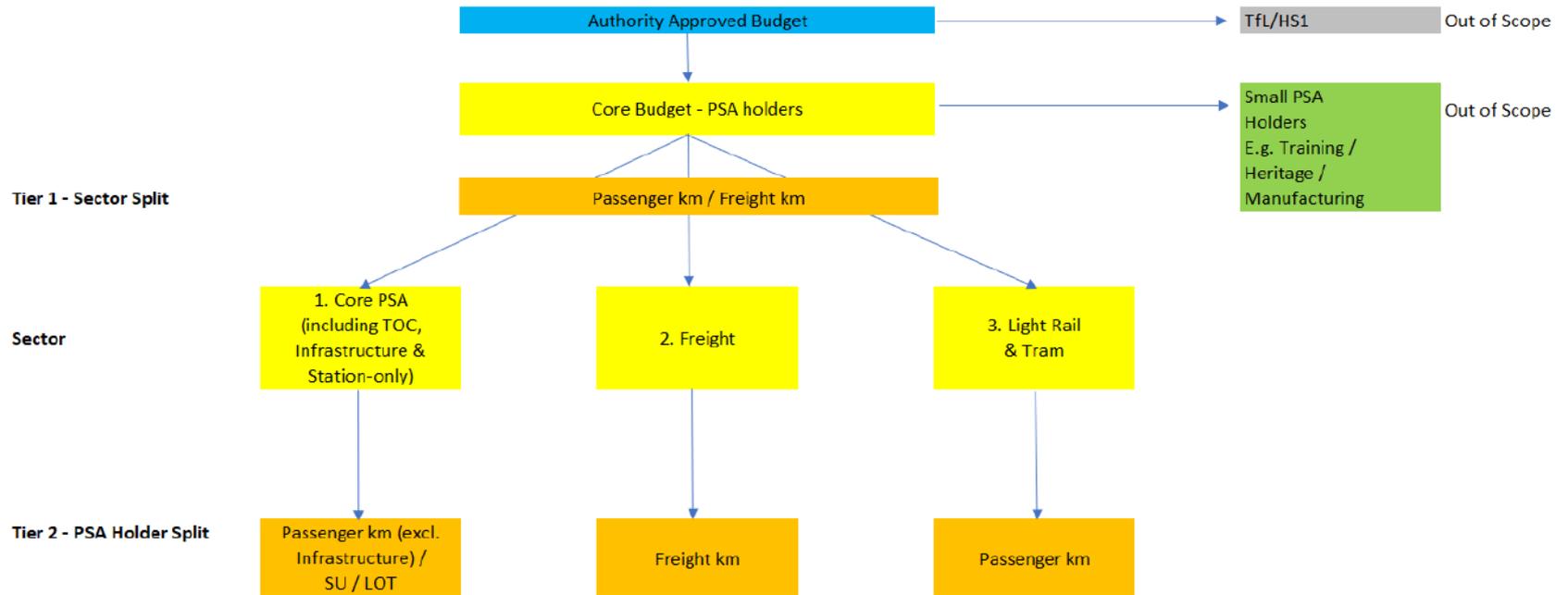- All figures used are for illustration purposes only and do not represent actuals.

Freight Sector		Illustration		
		Proportion of Metric (%)	Freight PSA Holder	
			Split (%) Freight Train km * Proportion of Tier 1 Freight Sector split	Charge (£m) Freight Train km * Tier 1 Freight Sector Charge
Metric		Freight Train km		
Source for actual data		ORR Data Portal - Table 1333		
Reference		H	K = H * B	
Freight Operating Companies	FOC A	50.0%	0.2%	0.6
	FOC B	35.0%	0.2%	0.4
	FOC C	15.0%	0.1%	0.2
	FOC Total	100.0%	0.5%	1.2
Total Freight		100.0%	0.5%	1.2

Light Rail & Tram (LR&T) Sector		Illustration		
		Proportion of Metric (%)	LR&T PSA Holder	
			Split (%) Passenger km * Proportion of Tier 1 LR&T Sector split	Charge (£m) Passenger km * Tier 1 LR&T Sector Charge
Metric		Passenger km		
Source for actual data		ORR Data Portal - Table LRT0103		
Reference		I	L = I * C	
LR&T Operators	LR&T A	70.0%	0.7%	1.7
	LR&T B	20.0%	0.2%	0.5
	LR&T C	10.0%	0.1%	0.2
	LR&T Total	100.0%	1.0%	2.5
Total LR&T		100.0%	1.0%	2.5

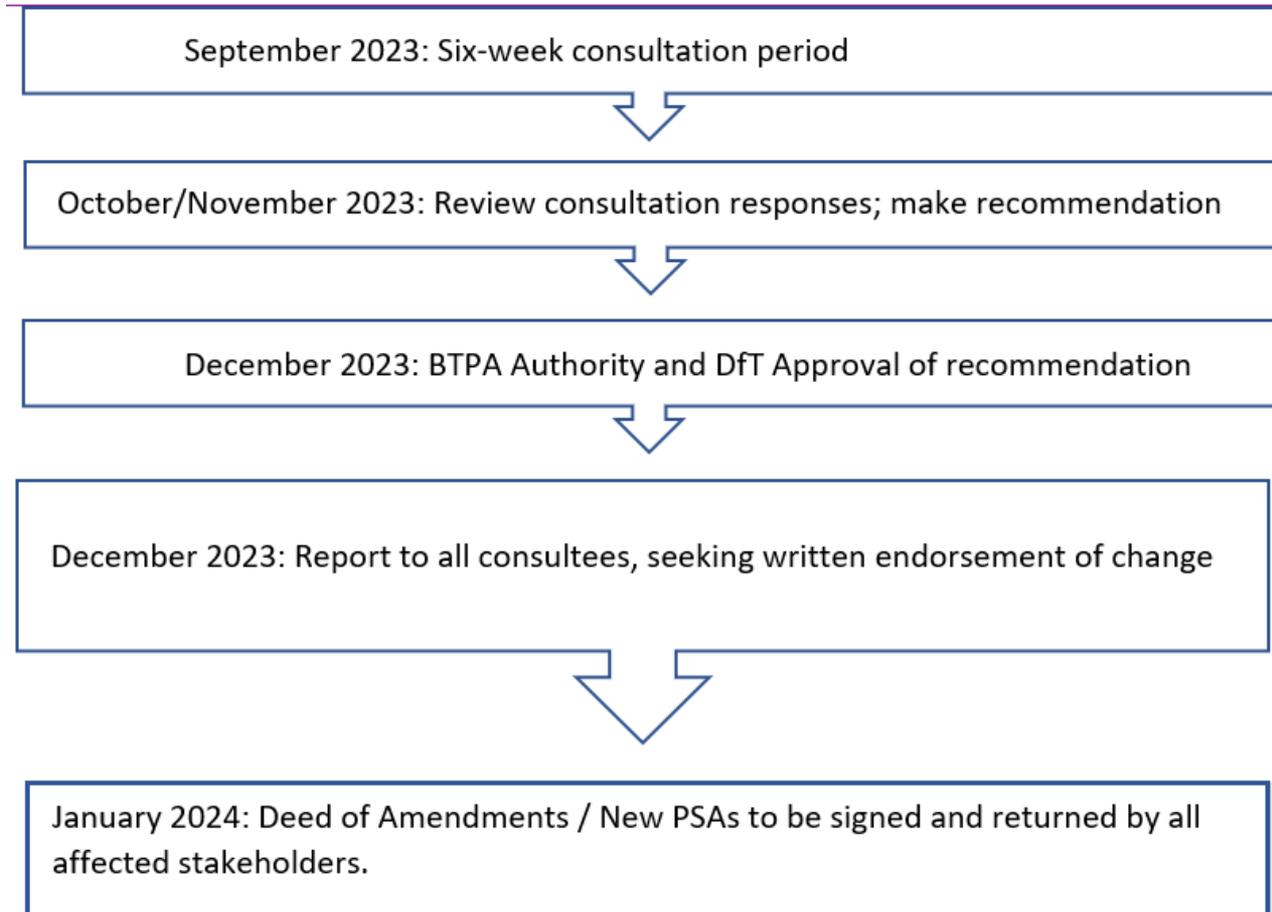|	Illustration	
	J+K+L	
	Split (%)	Charge (£m)
Total Charge	100.0%	250.0

Note - Reference 'B' refers to the Freight sector split % / charge (see Tier 1 illustration)
- Reference 'C' refers to the LR&T sector split % / charge (see Tier 1 illustration)
- Reference 'J' refers to the Core sector split % / charge

Proposed Methodology

Timeline

September 2023: Six-week consultation period

October/November 2023: Review consultation responses; make recommendation

December 2023: BTPA Authority and DfT Approval of recommendation

December 2023: Report to all consultees, seeking written endorsement of change

January 2024: Deed of Amendments / New PSAs to be signed and returned by all affected stakeholders.

Next Steps

- Complete the BTPA Feedback Form

- Send to Btpa.consultation@btp.police.uk

- Consultation closes 7 November 2023

Consultation on reform of the BTPA Charging Methodology Feedback Form

Please complete the form below and send to btpa.consultation@btp.police.uk by 7 November 2023.

Name:

Organisation:

Email Address:

Do you support the design principles we've worked to?

Yes ☐   No ☐

Do you understand how we've reached our preferred option?

Yes ☐   No ☐

Are you supportive of the preferred option in principle?

Yes ☐   No ☐

Do you need any more information?

Yes ☐   No ☐

Any other comments?

Questions?