

Worked Example – Proposed Methodology

The consultation on reform of the BTPA methodology for the allocation of charges to Police Service Agreement (PSA) holders focuses on the principles by which PSA holders will be allocated a share of BTP costs.

The below illustrations demonstrate how the proposed methodology would allocate charges to PSA holders. Illustration 1 demonstrates the Tier 1 sector split and Illustration 2 the Tier 2 PSA holder split.

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

Assume core policing budget totals £250m for illustration purposes.

Illustration 1: Tier 1 Illustration of sector split using Passenger km / Freight Train km

- Passenger km and freight train km are allocated to the relevant PSA holder groups within the Core, Freight and Light Rail and Tram (LR&T) sectors using ORR datasets (see 'Metric' and 'Source for actual data' columns in the table below).
- The sector split percentage is calculated by taking the relevant sectors passenger km / freight train km as a proportion of the total passenger km / freight train km.
- The charge (£m) for each sector is calculated by applying the sector split percentage to the total core policing budget of £250m.

			Illustration				
Sector		Metric	Source for actual data	Passenger km / Freight Train km (m 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

Illustration 2: Tier 2 Illustration of PSA holder split for Core, Freight and LR&T sectors.

- The charge allocated to each sector is split by PSA holder for all PSA holders that are categorised into that sector by using the relevant metrics for that sector.
 - Core Sector - uses an average of passenger km, station usage / footfall and length of track (see Illustration 2.1)
 - Freight sector - uses freight train km (see Illustration 2.2)
 - LR&T Sector – uses passenger km (see Illustration 2.3)
- The proportion of each metric for each PSA holder is calculated as their share of the total relevant dataset that is allocated to them.
- The PSA holder split percentage for each PSA holder is calculated by applying the relevant Tier 1 sector split percentage to the proportion of metric percentage (average of three metrics for the core sector)
- The charge (£m) for each PSA holder is calculated by applying the PSA holder split percentage to the total relevant charge for each sector as calculated in the Tier 1 sector split.

- The charge allocated to PSA holders across all three sectors totals the core policing budget of £250m.

Illustration		
J+K+L		
Sector	Split (%)	Charge (£m)
Core	98.5%	246.3
Freight	0.5%	1.2
LR&T	1.0%	2.5
Total Charge	100.0%	250.0

Illustration 2.1: Core Sector

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 <i>Other - TOC A</i> <i>Other - TOC B</i> <i>Other - TOC C</i> Other - TOC Total	1.5% 40.0% 30.0% 28.5% 98.5%	0.0% 35.0% 20.0% 8.2% 63.2%	0.0% 0.0% 0.0% 0.0% 0.0%	0.5% 24.6% 16.4% 12.0% 53.1%	1.3 61.6 41.1 30.1 132.8
Infrastructure Managers	Network Rail Amey Infrastructure Wales	0.0% 0.0%	36.5% 0.0%	99.5% 0.5%	44.7% 0.2%	111.7 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

Illustration 2.2: Freight Sector

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

Illustration 2.3: LR&T Sector

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