

**Feedback on the Consultation  
on the reform of the British  
Transport Police Authority  
methodology for the  
allocation of charges to Police  
Service Agreement holders**

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## **1. Consultation Overview**

- 1.1. Between September and November 2023 the British Transport Police Authority (BTPA) ran a six week consultation with its Police Service Agreement (PSA) holders concerning the proposal of a new charging methodology. The proposal would see the new methodology being used to defray the core costs for policing the railway to the rail industry and other service users. The current methodology uses a Cost Allocation Model (also known as 'Matrix Charging Model') to defray these costs. This methodology is complex, produces unpredictable charges and is not future proof.
- 1.2. During the consultation period, BTPA also held two town hall events that took PSA holders through methodology and the calculations that it uses.

## **2. Feedback from the Consultation**

- 2.1. Within the consultation BTPA asked four specific questions, along with any other comments that the PSA holder wished to make. Below are the responses that we received and BTPA response to the feedback.
- 2.2. Of the 48 PSA holders contacted 19 provided written responses to the questions. Overall, the consensus was in support of a new methodology, but further information was requested before agreeing to any change. Below are the responses to the questions asked in the consultation.
- 2.3. Below are the responses submitted to the specific questions asked within the pack.

Question 1 - Do you support the design principles we've worked to?

13 (68%) of the 19 respondents agreed with design principles that the proposal had been developed using. Only 4 disagreed (21%) and 2 (11%) did not provide a response to the question.

Question 2 - Do you understand how we've reached our preferred option?

13 (68%) of the 19 respondents said that they understood how the preferred option had been reached. With 4 disagreeing (21%) and two not addressing this question in their feedback (11%).

Question 3 - Are you supportive of the preferred option in principle?

8 (42%) out of 19 respondents were supportive of the proposed option in principle. With 8 disagreeing (42%) and 3 (16%) not addressing this question in their feedback.

#### Question 4 - Do you need any more information?

16 (84%) out of 19 respondents said they needed more information with 1 disagreeing (5%) and two not addressing this question in their feedback (11%).

2.4. As part of the consultation PSA holders were asked to provide comments on any areas of concern or of interest. The below provides feedback on the areas raised.

#### 2.5. Financial Impact

A number of respondents requested further information as to what their charges would have been under the proposed new model. The consultation did not include that information to ensure that respondents were able to concentrate their review of the proposal based on the principles and methodology. But following the feedback, and the refinement exercise that has taken place (see section 3), each PSA holder (within the covering letter) has what their charges would have been under the proposed methodology for the last 6 years, or for the length of time since their services inception, compared to the current cost allocation model.

The final proposed methodology would only be used to calculate an operator's contribution to cost of core policing. It is not used to calculate any other charges / funding such as Enhanced Police Service Agreements (EPSA). The funding for EPSAs is only used to provide the services as set out in those agreements and do not form part of core PSA funding.

The issue of affordability was also raised as a concern. The PSA charges is an operator's contribution to the cost of core policing and ensures that BTPA defrays its costs and complies with the Railways and Transport Safety Act 2003 – Section 33.

#### 2.6. Metrics

A deliberate decision has been made to use external, publicly available data metrics within the final proposed methodology. By using such data metrics, it means that operators should be able to carry out better financial planning in respect of PSA charges, as they will have access to the same data metrics and should be able to forecast future charges. This will reduce the volatility currently experienced by operators. In Appendix B it lists out where each of the data metrics being used and their source. Currently, not all of the data sets used in the model are publicly available and as such operators are unable to forecast future year charges.

To ensure a complete set of data, the station usage data set is supplemented with Network Rail footfall data for the major stations to ensure that all railway stations are represented in this data set.

#### 2.7. PSA holder groupings

A review was carried out internally on the different types of PSA holders i.e train operator, station only provider, tram provider etc. Based on this review, each PSA holder was assigned to a grouping. The full list of the groupings can be found in

Appendix C. These grouping were also influenced by whether that operator appeared in the data set being used. For those operators who are not included in any of the data sets being used, such as the heritage operators, it was decided that their charges would remain outside of the final proposed model.

### 2.8. Independent Review

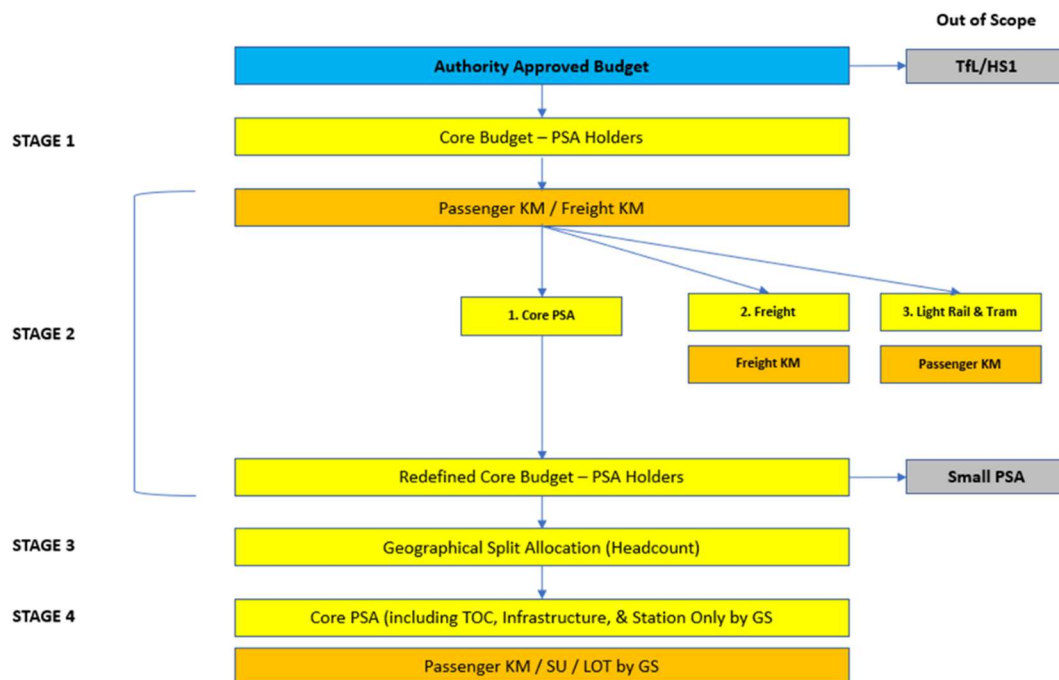
Several respondents asked whether the proposed model had been or would be independently reviewed by an external party. Following this feedback, the final proposed model is currently undergoing an external independent review.

2.9. We have taken on board the feedback received, and as a result have made some changes to the proposed model.

## 3. Proposed New Methodology

3.1. After the reviewing the feedback received, BTPA have made a number of refinements to the proposed new model. These changes take into the feedback and strengthen the link between the methodology and our legislation.

3.2. The below diagram sets out each of the stages of the final new methodology. The original proposal was a two-stage process, but following consultation the final proposal is a 4-stage process. Stages 1 and 2 are the same as the earlier proposal, but the charges for those in the Core PSA group are taken through an additional 2 stages.



- 3.3. The process of allocating the budget and subsequent charge to Freight and Light Rail & Tram groups remains as previously proposed. It must be noted though that for those operators in the Light Rail and Tram where BTP only police a proportion of their network, the industry metric used has been adjusted accordingly. For example, if BTP only policed 25% of Tram Company A Ltd, only 25% of their Passenger KM would be used in the calculation.
- 3.4. The change to the original proposal is in connection with calculation of charges for those PSA holders in the Core PSA group. The budget allocation for this group is proportioned across the BTP jurisdiction using the BTP budgeted headcount for officers and police staff within the Division.
- 3.5. In full, Stage 1 adjusts the total force budget for items funded outside of the core Policing Services Agreement regime, deducting costs related to Transport for London (London Underground), High Speed 1, and any Enhanced Police Service Agreements or grants leaving the core PSA budget.
- 3.6. Stage 2 splits the core PSA budget into three sectors that align to Office of Road and Rail (ORR) datasets using passenger km (PKM) and freight train km to ensure a fair and equitable allocation to PSA holders:
- Sector 1 - Core – Train operating companies (TOCs), infrastructure managers and station only operators. This uses PKM. An assumption is used for infrastructure managers that the total passenger km for TOCs is equal to that of infrastructure managers as TOCs run over Network Rail (NWR) and Amey Infrastructure Wales (AIW) infrastructure. Added to this are the freight and actual NWR maintenance service km for the same reason. No assumption has been made for station only operators as there is no equivalent proxy and they form a very small portion of this total sector.
  - Sector 2 - Freight – Freight operating companies. This uses freight train km, which is considered to be an equivalent dataset to PKM for freight. The reason for using freight train km is that there are no passengers on freight trains and so PKM is not relevant. This also means there is no additional impact on disruption on the network caused by passengers that would be seen by operators in Sectors 1 & 3.
  - Sector 3 - Light Rail and Tram – Light rail and tram operating companies. This sector uses PKM.
- 3.7. The Stage 2 sector split results in a 99.30% allocation of the 2024-25 core PSA budget to the core sector, 0.03% to the freight sector and 0.67% to the light rail and tram sector. This broadly aligns to the split seen in the existing methodology of 99.00%, 0.05% and 0.95% respectively.
- 3.8. At the conclusion of Stage 2, the values relating to Freight, Light Rail and Tram, and Small PSAs are deducted to produce the redefined Core PSA budget applicable to only those operators remaining within the compulsory core PSA regime. The charges for these sectors are issued separately following this exercise.
- 3.9. At Stage 3 we split the redefined core PSA budget to the Network rail regions 8 (Scotland) and 13 (Wales) per ORR's data based on the operational officer and staff headcount within the matching Force Division or Subdivision as this connects directly to the forces structure

for Scotland and Wales with the remaining regions and Sub-divisions being allocated to England.

3.10. At Stage 4, the redefined core PSA budget is allocated to the remaining compulsory PSA holders by geography using the PKM, Station Usage (SU) and Length of track (LOT) specific to each holder in each of those geographies allowing a fair distribution of charges:

- Core – uses an average of PKM, SU and LOT by geography and assumes equal weighting across the three metrics. All three metrics are required to ensure all operator types within the sector are represented. SU has been modelled using the dataset used in the current methodology, which includes footfall data for Network Rail major stations. Further consideration needs to be given to using ORR SU data for ticketed entries and exits to keep this metric consistent across all stations and using footfall data for only non-ticketed use of stations. LOT is used as a metric for infrastructure managers.

#### **4. Implementation Timetable / Timeline**

4.1. We have set out below the implementation timetable for the introduction of the final cost allocation proposal.

##### **4.1.1. Acceptance of Geographic Split methodology**

The below sets out the next steps:-

- a) July 2024 – BTPA will be seeking approval from the Department for Transport (DfT) for a new Police Services Agreement implementing the Geographic Split as the new cost allocation model.
- b) August – October 2024 Following approval from the DfT, BTPA will request Secretary of State approval for the new Police Service Agreement in accordance with legislation.
- c) October – December 2024 (assuming approval has been granted by Secretary of State
  - a. Industry will be asked to sign a new Police Service Agreement bringing the new model into force.
  - b. Indicative values for the 2025-26 charging year will be made available.
- d) December 2024 – January 2025 Charges under the new cost allocation model will be issued to industry for 2025-26.

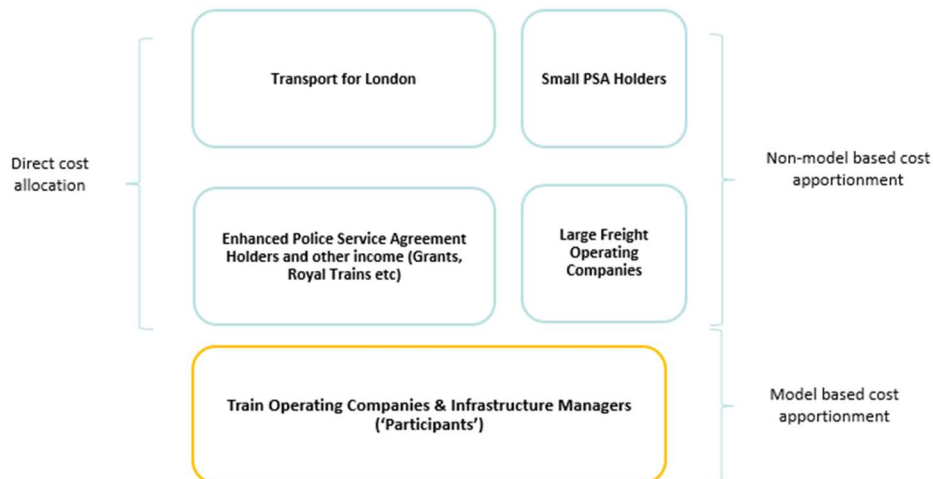
4.1.2. If approval is not given within the required timeframe, BTPA will be required to use the current cost allocation model for the calculation of the 2025-26 PSA charges.

## Appendix A – Overview of BTPA Budget Split

The overall BTPA budget is funded by PSA holders and additional funding streams (including EPSAs and TfL), who are charged independently of the model. Excluding these additional funding streams, the remaining portion is the core policing budget and is funded by PSA holders.

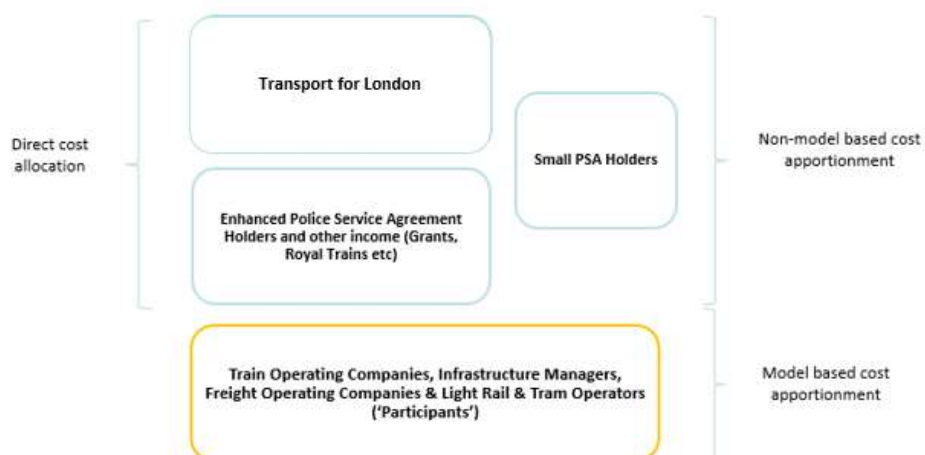
In the existing methodology, a small portion of the core policing budget is charged out to small PSA holders and large FOCs that do not fall into the model, with the remainder being allocated to the participants. This is evidenced through the diagram below:

Existing methodology:



In the proposed methodology, a small portion of the core policing budget is charged out to small PSA holders that do not fall into the mode and the required datasets are not available, with the remainder being allocated to the participants.

Proposed methodology:





## **Appendix B – Age of datasets used in existing and proposed methodology**

<b>Dataset</b>	<b>Existing 2023-24 Core CAM</b>	<b>Proposed 2023-24 Core CAM</b>	<b>Data Provider</b>
Crime Volume	2021-22	n/a	BTP
Timetabled Train Kilometres (TTK)	2021-22	n/a	ORR
Network Access Charge (NAC)	2021-22	n/a	Network Rail
Station Usage (SU)	2021-22	2021-22	ORR
Footfall	2021-22	2021-22	Network Rail
Officer Activity	2021-22	n/a	BTP
Number of Officers /Staff <sup>1</sup>	2023-24	n/a	BTP
Finance <sup>2</sup>	2023-24	2023-24	BTP
Long Term Charge and Recharge (LTC)	2021-22 P13	n/a	PSA Holder
Passenger Kilometres	n/a	2021-22	ORR
Length of Track	n/a	2021-22	ORR/AIW
Freight Train Kilometres	n/a	2021-22	ORR

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<sup>1</sup> The number of officers / staff data used for the core PSA charge is based on annual core policing budget as approved by the Authority in the December prior to the start of the financial year. This dataset is used for the sub-divisional split of indirect costs in the current methodology. The proposed methodology does not include a sub-divisional split and does not use this dataset.

<sup>2</sup> The finance data used for the core PSA charge is based on the annual core policing budget as approved by the Authority in the December prior to the start of the financial year.

### **Appendix C – PSA Holder Classification**

<b>Current Classification</b>	<b>New Classification</b>	<b>Operator</b>	<b>Reason for re-classification</b>
Core	Core	ScotRail	TOC – no change
Core	Core	Caledonian Sleeper	TOC – no change
Core	Core	Chiltern Railways	TOC – no change
Core	Core	CrossCountry	TOC – no change
Core	Core	Elizabeth Line - (Crossrail / TfL Rail)	TOC – no change
Core	Core	Essex Thameside (C2C)	TOC – no change
Core	Core	Govia Thameslink Railway	TOC – no change
Core	Core - Open Access	Grand Central	Open Access Operator – no change
Core	Core	Great Western	TOC – no change
Core	Core	Greater Anglia	TOC – no change
Core	Core	Heathrow Express	Open Access Operator – no change
Core	Core - Open Access	Hull Trains	Open Access Operator – no change
Core	Core	London Overground	TOC – no change
Core	Core	Merseyrail	TOC – no change
Core	Core	SouthEastern	TOC – no change
Core	Core	Transpennine Express	TOC – no change
Core	Core	South Western Railways	TOC – no change
Core	Core	Transport for Wales Rail (TfW Rail)	TOC – no change
Core	Core	West Midland Trains	TOC – no change
Core	Core	LNER	TOC – no change
Core	Core	Avanti West Coast	TOC – no change
Core	Core	Northern Trains	TOC – no change
Core	Core	East Midlands Railway	TOC – no change
Core	Core - Open Access	East Coast (Lumo)	Open Access Operator – no change
Core - Infrastructure	Core - Infrastructure	Network Rail	Infrastructure Manager – no change
Core - Infrastructure	Core - Infrastructure	Amey Infrastructure Wales (AIW)	Infrastructure Manager – no change
Core – Station	Core – Station	Heathrow Airport	Station only operator – no change
Core – Station	Core – Station	TfGM	Station only operator – no change
Small PSA	Core – Station	Glasgow Prestwick	Station only operator – re-classified from small PSA to ensure all station only operators are treated fairly
Small PSA	Core – Station	London Southend Airport	Station only operator – re-classified from small PSA to ensure all station only operators are treated fairly
Freight	Freight	DB Cargo	FOC – no change
Freight	Freight	Freightliner	FOC – no change

Small PSA	Freight	Colas Rail	FOC – re-classified from small PSA to ensure all FOCs are treated fairly
Small PSA	Freight	Devon & Cornwall Railway	FOC – re-classified from small PSA to ensure all FOCs are treated fairly
Small PSA	Freight	Direct Rail Services	FOC – re-classified from small PSA to ensure all FOCs are treated fairly
Small PSA	Freight	GB Railfreight	FOC – re-classified from small PSA to ensure all FOCs are treated fairly
Core	LR&T	Croydon Tramlink (London Trams)	Tram – re-classified from core PSA to ensure all LR&Ts are treated fairly
Small PSA	LR&T	DLR (Docklands Light Railway)	Light Rail – re-classified from core PSA to ensure all LR&Ts are treated fairly
Small PSA	LR&T	Nexus (Tyne & Wear Metro)	Tram – re-classified from core PSA to ensure all LR&Ts are treated fairly
Small PSA	LR&T	Travel West Midlands (West Midlands Metro)	Tram – re-classified from core PSA to ensure all LR&Ts are treated fairly
Small PSA	LR&T	SuperTram (Sheffield Supertram)	Tram – re-classified from core PSA to ensure all LR&Ts are treated fairly
Small PSA	LR&T	Strathclyde Partnership for Transport (Glasgow Subway)	Re-classified from small PSA to ensure all LR&Ts are treated fairly
Small PSA	Small PSA	Alstom Transport	Maintenance and Depot – no change <sup>1</sup>
Small PSA	Small PSA	Bombardier	Maintenance and Depot - no change <sup>1</sup>
Small PSA	Small PSA	North Yorkshire Moors	Heritage operator - no change <sup>1</sup>
Small PSA	Small PSA	PRE Metro Operations	Very Light Rail Operator - no change <sup>1</sup>
Small PSA	Small PSA	West Coast Railways	Heritage operator - no change <sup>1</sup>
Small PSA	Small PSA	RTS	Maintenance and Depot - no change <sup>1</sup>
Small PSA	Small PSA	Locomotive services	Heritage operator - no change <sup>1</sup>
Small PSA	Small PSA	Vintage Trains Ltd.	Heritage operator - no change <sup>1</sup>
Small PSA	Small PSA	Rail Adventure UK	Training - no change <sup>1</sup>
Small PSA	Small PSA	CAF UK Rail	Maintenance - no change <sup>1</sup>

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<sup>1</sup> These PSA holders do not easily fit into any Sector (Core, Freight, LR&T) of the proposed methodology and include for example, heritage operators, training companies and maintenance companies.

## **Appendix D - Glossary**

**Footfall** (source: Network Rail) – The number of passengers accessing a station including people visiting station shopping malls. Data is collated using ticket counters at major Network Rail managed stations. Footfall is used in place of station usage in the existing methodology for these stations.

**Freight Train Kilometres (Freight Train km)** (source: ORR) - The actual mileage in kilometres operated by freight operators on all mainline infrastructure, terminals and yards. The data is sourced from Network Rail's Track Access Billing System (TABS).

**Length of Track (LOT)** (source: ORR) - Data is provided by Network Rail and Amey Infrastructure Wales (AIW). The HS1 line and the Island Line network on Isle of Wight are not included in these figures. The Island Line is leased from Network Rail to First MTR South Western Trains Limited (operating as South Western Railway). The Core Valley Lines (CVL) network was transferred from Network Rail to Transport for Wales on 28 March 2020. Transport for Wales leases its assets to AIW who are the Infrastructure Manager for the Core Valley Lines network.

**Light Rail and Tram Vehicle Kilometres (LR&T Vehicle km)** (source: ORR) - Vehicle kilometres operated are derived from scheduled (timetabled) kilometres, deducting any known lost kilometres. Kilometres run on driver training or special excursions are not included.

**Long Term Charge and Recharge** (source: PSA holders) – The charges paid by passenger operators to Network Rail for recovery of maintenance, renewal and repair costs for stations owned by Network Rail and the portion recharged to operators for use of that station.

**Network Access Charge (NAC)** (source: Network Rail) – The charge paid to Network Rail for using the UK rail infrastructure.

**Participants** – PSA holders that fall within the remit of the existing CAM or proposed new methodology.

**Passenger Journeys** (source: ORR) - estimated using ticket sales data. Where travel requires one or more changes of train, each train used is counted as one journey. For example, a journey from Leicester to Manchester would be classed as two journeys due to the need to change trains. Furthermore, the estimates of passenger journeys do not account for split ticketing. This is where two or more tickets are purchased to complete a single journey. In such cases, each ticket is counted individually in the passenger journey statistics.

**Passenger Kilometres (Passenger km)** (source: ORR) – Core PSA passenger km are calculated by multiplying the number of passenger journeys on a particular flow by the number of corresponding track kilometres between stations. LR&T Passenger km are calculated by multiplying the number of passenger journeys by an average journey length. Average journey lengths are estimated from

passenger surveys. Typically, the same figure is used for a number of years, with periodic revisions for example associated with network changes.

**Presence on Network** – Proxy derived as a weighted average of NAC, TTK and SU and adjusted by a proportion of a total number of crimes that occurred on a trackside, train and station respectively.

**Station Usage (SU)** (source: ORR) - The station usage dataset consists of estimates of the total numbers of people travelling from or to the station (entries and exits) and changing trains at the station (interchanges). They are primarily based on sales data from LENNON, the rail industry's ticketing and revenue system. This is supplemented with some local ticketing data. The existing methodology excludes interchanges and certain ticket types including freedom passes and Passenger Transport Executive (PTE) tickets.

**Timetabled Train Kilometres (TTK)** (source: ORR) - The number of kilometres each train operating company will achieve according to the winter and summer train timetable if they are operating at full capacity.