Report to:	Full Authority
Date:	27 November 2025
Subject:	**BTP MTFP Annex G: CDEL Position Response / Resubmitted MTFP**
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Purpose

This final Annex to the BTP MTFP will capture the Force's response to the new assumption relating to capital spending restrictions, describing the impact, rebalancing choices and presenting an updated MTFP table to meet the Directive, whilst capturing direction from engagement at the Senior Influencing Group on 1 December 2025.

Background

Section 20(2) of the Rail and Transport Safety Act (2003) gives a power to the BTPA to defray the expenses of the organisation to industry. Traditionally, BTPA has been permitted to spend capital by recovering the depreciation costs associated with the existing asset base through charges to industry. Whilst revenue costs are unrestricted where expenditure nets off against the agreed budget, the DfT's Capital Delegated Expenditure Limit (CDEL) restricts how much capital can be recovered. Due to years of inflation and operational pressures, the capital spend requirements far exceed the CDEL limit agreed by DfT at the previous Spending Review.

This was raised to the Rail Minister on 11th February 2025, who queried the practicality of the approach, offered an alternative method of capital provision (directly provided by DfT) and asked his team to review what could be done to resolve this. BTP/A have since engaged through meetings and correspondence with DfT to work through a range of options, including treating PSA income as capital which would negate the need for a CDEL limit. At the same time, direction was given to develop an MTFP inclusive of the full budget costs and agnostic of capital or revenue spend. BTP's MTFP CDEL return was submitted to the DfT in line with their deadline on 14th October. The full MTFP was submitted to BTPA on 31st October.

On 19th November, the DfT Finance team confirmed that due to their interpretation of Managing Public Money against the Rail and Transport Safety Act (2003) it would not be possible for BTP to include capital in the core charges. They did agree that it would be possible to do this for EPSAs if the agreements were specific in terms of capital expenditure. Whilst BTP respects the position of DfT Finance and their technical team, this decision does not appear to reflect the spirit of the legislation. Managing Public Money is guidance from the Treasury and should not supersede primary legislation, which has been supported by legal advice. The argument is that the standard rules for charging for government services do not apply because BTP's income model is based on statutory charges to rail operators under the Act, not discretionary fees. Of note, there are other aspects of Managing Public Money which are not applicable to BTP/A, including the fact that the force pays VAT, that we manage our own cash reserves (we have no access to the Exchequer cash management) and that we don't receive the Crown exemption from requiring insurance. However, the position is noted.

The only route left to enable the full capital investment upon which the MTFP is built, is for DfT to increase the existing CDEL. As the Spending Review has already set budgets, this would mean reducing budget cover from other organisations. On the 24th November, the BTPA CFO & Treasurer communicated the DfT's position on the CDEL restriction, as follows:

- *Overall DfT have agreed (subject to the Authority approving an MTFP on 10th December) that they will fund up to an additional £12m CDEL across the next 3 years. They are open to a discussion on the profile of this spend. They have said that the agreed increase is to fund the uplift in the portfolio base and AFotM/Innovation and so it is provided on the basis that BTP invest it in a way that maximises efficiencies.*

- *DfT will not provide an uplift for the lease pressure and so the lease baseline budget will remain at £6.4m per year.*

- *DfT will hold the ESN costs at risk.*

- *DfT will not provide any additional RDEL funding to enable us to fund the Innovation mechanism through reserves.*

- *DfT are not providing funding for drones. You'll need to find a funder who will offer you a grant such that you can recognise this as capital income. We will need to take this into the next SIG discussion.*

In cash terms, the CDEL uplift required over 3 years was £18.8m, with an additional £1.5m for the innovation mechanism, excluding ESN costs. £12m cover has been provided. Whilst BTP recognises that this uplift has been a challenge for DfT to secure, the deficit has a disproportionate impact on our ability to deliver efficiency and effectiveness benefits.

Of the additional capital investment required in the MTFP, £10.3m is assigned to the portfolio base. There is a long-known pressure on the base due to the timing of key mandatory changes (PPST, Taser T10, Body Worn Video replacement etc) in addition to the cyclical replacement of assets (vehicles, radios, heating, ventilation and air conditioning units, laptops etc). The prioritisation of the portfolio base above Network Policing investment, the Capability Review and the discretionary 'A Force on the Move' part of the portfolio is well established.

This CDEL restriction means that £1.7m of the £12m uplift is available for A Force on the Move / Innovation over three-years. This is out of the £7.5m (£6m for AFOTM, £1.5m to support the innovation mechanism) planned for, which represents only 23%. An exercise has been undertaken to review the totality of the portfolio, and profile the additional £1.7m to have the maximum impact from the investment. As can be expected the impact is significant.

It is of concern that the additional £12m capital from the DfT is provided 'on the basis that BTP invest it in a way that maximises efficiencies'. The core capital costs associated with running a police force cannot be replaced with discretionary investments in the estate, in technology or to deliver new ways of working for future benefit.

With the capital decision being made so close to the Full Authority meeting and the consequences being significant BTP will need flexibility into early 2026 to fully reconstitute the portfolio and work through the Strategic Plan again from the top down, aligned to the £12m capital investment restriction. This is relevant, as the majority of Blueprint end-states articulate ways of working that link to discretionary investment; AFOTM projects, Drones or Innovation.

To assist Members, BTP have been asked by the BTPA CFO and CEO to respond to a range of specific action points, as follows.

1. Profiling the £12m Uplift Across Three Years

The table below sets out how the original MTFP proposed to profile capital investment, against the revised plan, following the CDEL limit of £12m over three-years. The revised capital profile only covers the portfolio base, plus a small element of A Force on the Move (discretionary). There is no core capital cover for Drones or VIAWG.

Original Capital Profile	2026/27	2027/28	2028/29	Total
	£m	£m	£m	£m
Portfolio Base	5.000	2.070	3.200	10.270
Ambition - AFotM	2.300	2.200	1.500	6.000
Ambition - Drones	1.164	0.990	0.246	2.400
Ambition - VIAWG	0.168	0.000	0.000	0.168
Total	**8.632**	**5.260**	**4.946**	**18.838**
Revised Capital Profile	**2026/27**	**2027/28**	**2028/29**	**Total**
	£m	£m	£m	£m
Portfolio Base	5.000	2.070	3.200	10.270
Ambition - AFotM	1.093	0.477	0.160	1.730
Total	**6.093**	**2.547**	**3.360**	**12.000**

2. Impact to the Planned Efficiencies

BTP's ability to deliver efficiencies is impacted by the changes within the A Force on the Move block. A notable further impact, not included within the MTFP but included within the DfT CDEL return is that the £1.5m CDEL for innovation mechanism over the 3 years has not been allocated. This was key to the delivery of Stacks 4 and 5 efficiencies.

The CDEL restrictions mean that:

- Stacks 1-3 (£9.517m) are still viable, as the underpinning assumptions relate to business controls and pre-agreed churn assumptions.
- Some Proof of Concepts planned to drive productivity are at risk. With no capital cover, it will not be possible to scale up *any* innovation from the Innovation Mechanism where the spend relates to capital, even if the revenue costs are charged out. This is restrictive and will limit the field of innovation worthy of exploration.
- Other 'spend to save' opportunities have been removed from the plan or are likely to be restricted as the MTFP progresses. This is likely to have a greater impact as the MTFP rolls forward in future, especially estates-led efficiency.
- It is now more likely that Stack 4 (targeted efficiency from innovation) will underachieve than overachieve. This moves more savings pressure to the 'residual' block of Stack 5, which can only be delivered through Force-wide headcount cuts.
- Stacks 4 & 5 already result in a significant reduction in people deployed across England, Scotland and Wales, which BTP were already concerned about. This concern is shared by stakeholders. A partial (not full) mitigation was the assumption of greater productivity from the resources that remain, of which there is now lower confidence.

- This means that proportionately more of the £22.208m target will be delivered only with corresponding service reductions by Year 3.

It is recommended that BTPA consider the previous efficiency target, in line with feedback from stakeholders on what they expect from BTP in 2028/29. Agreeing expectations at the inception of a 3 year plan is critical to our legitimacy. This is covered in more detail on page 10, following the Senior Influencing Group feedback on 1 December 2025.

3. Reflecting Capital Adjustments and Depreciation

Using the above additional capital spend profile and noting the DfT requirement for the force to charge depreciation to the industry on the additional £12m, there will be an additional revenue impact in each year. The impact has been assessed as:

- 2026/27 £1.354m
- 2027/28 £1.920m
- 2028/29 £2.667m

The depreciation calculation is based on an average usable life for the assets purchased of 4.5 years. This is currently an estimate, and BTP will work closely with the BTPA CFO & Treasurer to manage this position as plans mature further. At this point, the above figures will be included in the updated MTFP table.

4. Impact on the Lease Budget

Setting the CDEL (non-cash) limit for leases at £6.4m creates a pressure of £0.6m in 26/27 and £1.0m in 28/29. With the readjustment of Estates capital investment (see page 6) following the £12m profiling it is likely that this pressure will reduce and may be absorbed. This position will be monitored as the MTFP progresses.

5. Explanation of ESN Revenue Cost

Only the 2026/27 revenue costs have been included for ESN, as instructed. These are taken from the BTP cost model which is based on the Home Office Programme Business Case and Book of Assumptions. The Home Office Programme Business Case requires all forces to start building their local implementation teams now.

There is a significant (hard) deadline in that Airwave will be switched off in December 2029 – with any extension likely to cost the forces that delay switch off roughly £1m per day in fees. We have received a Home Office Readiness Assessment document covering 117 pieces of work that are critical to the delivery of this project.

A paper to the November 2025 Police Chief's Council covering ESN says:

"After readiness assessments, each force will get a Project Plan by July 2026, outlining responsibilities and deadlines across operations. For a medium-sized force, anticipated full-time resourcing for 2026/27 includes:

1. *Regional Coordinator*
2. *Regional Coverage Lead*
3. *Force ESN Tactical Lead*
4. *Force Project Manager/Business Change Lead*
5. *Force IT Lead*

Supported by access to subject matter experts as needed."

The intention is to recruit the required resources quickly, so BTP is ready for ESN. The MTFP number covers the following:

	Role	Grade / Rank	Total FTE posts	2026-27	
				FTE posts p.a.	Total cost
Core resources	IT Programme Manager	C002	1	1.0	£102,455
	Senior IT Project Manager	C001	1	1.0	£87,169
	Operational Lead	Chief Inspector	1	1.0	£100,784
	Business Change Manager	B003	1	0.5	£34,239
	Communications Support Specialist	B003	1	0.5	£34,239
	Telecoms Engineer	B001	1	0.0	£0
	IT Project Manager	B003	1	1.0	£68,477
	Total in-house resources			**5.0**	**£427,362**

In addition, the oncosts are included, bringing the total to £0.464m.

As well as work to build the programme, a BTP business case and to ensure contracts are in place, technical work needs to start in 2026/27 as upgrades to our WAN and ICCS are required quickly to ensure that the new devices can connect to the BTP control rooms. Additional work is required on coverage at Critical Operation Locations as the safety of officers and staff depends on appropriate network coverage. The above resources are specifically required.

6. Impact on Drones Revenue Spend

The Drones block included an 'all in' investment cost to maintain and expand as per the project's ambition. The Drones capital spend has been removed, in addition to the revenue where it relates to the expansion of the programme. The remaining revenue relates to the running costs of the current drones only and will remain within the MTFP. This revenue is for:

- The current drones programme team
- 4 pilots for existing drones
- Training
- Vehicle running costs
- Licences

All other Drones spending has been removed. Should a single funding partner seek to provide capital through an EPSA in future, this would represent a clean financial 'addition' with capital and revenue linked to future expansion, without the need for additional spend on maintenance.

7. VIAWG Revenue Spend

The capital requirement for 8 vehicles to support the new VIAWG team has been removed. Instead, additional revenue costs associated with hire vehicles have been added across each of the three-years, to enable the deployment of operational resources. This model represents an increase of £70k per year, which has been added to the VIAWG revenue line.

Strategic Impact

This section will describe the impact on the key aspects of the MTFP, against the original submission. This is a high-level assessment due to the limited time for analysis.

Transformation:

The restriction on capital investment alters the trajectory of BTP's transformation programme (**A Force on the Move**). The original MTFP was designed to deliver a modern, agile force through estate consolidation, technology upgrades and enhanced working practices. These investments were integral to achieving long-term efficiency, resilience and productivity.

The capital reduction means:

- Estates modernisation stalls, leaving officers and staff in outdated fragmented facilities that increase overheads, infrastructure debt and compromise welfare
- Technology integration is deferred, perpetuating inefficiencies and cyber risk, while limiting the ability to scale proven innovation
- Optimised Policing Model outcomes are undermined, as key relocations and new stations cannot proceed, reducing visibility and response capability

The following table details the impact of the priority projects no longer affordable due to the £4.23m deficit. Figures include 30% over-programming on capital.

Projects	Impact	Capital cost
Manchester Realignment	• Does not support long-term objectives for space consolidation, collaborative working and operational cost savings • Missed opportunity to vacate multiple sites (Manchester ROC, Piccadilly, Peninsula, Hydra) and centralise functions • Future lease expiries at Peninsula and Piccadilly increase the risk of costly refurbishments • The Northern Firearms Capability established in response to the Manchester Inquiry has been in temporary accommodation for over five years (principally due to delays to HS2) • Risk of losing the target location and being unable to resolve a long-standing capability and capacity issue	£1.25m
Glasgow Realignment	• Future cost escalation likely as building condition deteriorates and University pressure intensifies. BTP remains liable for full repair obligations therefore a failure to act could trigger landlord enforcement, requiring completion works or risking termination	£1.5m

	• Continued fragmentation across Cowcaddens, Empire House, Queen Street and Glasgow Central Hub drives cost, undermines efficiency and prevents consolidation savings • Cowcaddens is an aged site that presents as a drain on capital funding due to excess maintenance and asset failure and remains unfit for modern policing, affecting welfare • Relocating officers from Cowcaddens to a site nearer Glasgow Central is critical to re-establish effective police response capability and rebuild stakeholder confidence • Glasgow Central is Scotland's highest-demand location	
Dundee & Kirkcaldy Consolidation	• BTP cannot deliver the planned operational footprint for Scotland as profiled by the OPM, leaving gaps in resilience and slower response times, undermining passenger confidence and industry expectations • Failure to fund this will limit the ability to position 11 officers strategically, reducing proactive patrol and response capacity • Maintaining two separate sites increases overheads and operational inefficiency	£0.5m
Yeovil New Police Station	• BTP cannot deliver the OPM outcomes for visibility and improved response in the South West • Lost opportunity to reduce c.£3m in Schedule 8 costs (based on 2024/25 actuals) will be lost, as delays caused by long response times will continue • The new site is designed to accommodate 10 officers, but these officers cannot be deployed without suitable premises. Failure to fund this would perpetuate long response times from BTP Southampton and we will not be able to close the gap in operational presence currently serviced by Hampshire Police • Compromises delivery of Year 1 outcomes, including improved resilience and proactive policing in high-risk areas	£0.62m
Cardiff Relocation	• Failure to act at lease end in 2028 locks BTP into its third most expensive site (£828k per year) losing a major invest-to-save opportunity and increasing non-pay costs • Delaying action risks long-term financial inefficiency and removes flexibility for future estate optimisation • Capital investment now could enable recurring savings in rent and associated costs, contributing to efficiency targets. • Cardiff **or** Hitchin are currently under consideration for removal	£0.7m
OR **Hitchin Consolidation**	• BTP cannot deliver the OPM outcomes for visibility and improved response with resources split between the current premises at Luton and Stevenage. • Over-occupancy issues affect both locations, requires consolidation at a new location proximal to London; current landlord unable to offer expansion space within premises. • The Force Driver Training School based at Stevenage is currently accommodated at risk and requires permanent premises to be secured • Risk of losing target location for this consolidation, unable to accommodate the resources required.	£0.6m

Live Facial Recognition	• Without investment, BTP cannot scale beyond its current pilot, limiting ability to leverage proven technology for crime prevention and safeguarding (the MPS has charged or cautioned 1,000 offenders since the start of 2024, including for VIAWG offences) • Without this capability, opportunities for early intervention and deterrence are lost, undermining public confidence and operational outcomes • Failure to invest means continued reliance on manual processes, increasing workload and reducing efficiency gains anticipated in the MTFP	£0.4m
Unifying Evidential Technology	• Without funding, migration to the corporate Technology architecture and cyber protections will not occur, leaving systems siloed and vulnerable, maintaining exposure to cyber threats, potentially compromising evidential integrity • Failure to invest means continued reliance on manual processes and disconnected systems, limiting productivity gains and slowing investigations	£0.5m
Blundell St Search Arena	• Without investment into under-utilised space, recurring saving of £40k per annum cannot be realised • Without funding, BTP will continue relying on geographically dispersed training sites, incurring higher travel and accommodation costs • Limits ability to embed best practice and maintain compliance with national standards for search operations, compromising operational readiness	£0.12m

Disruption Impact:

The impact of not expanding the **Drones** capability further and only covering the existing revenue budget will significantly impact on BTP remaining at the forefront of exploring the potential of the use of Beyond Line-of Sight (BVLOS) Drones and continuing to innovate and collaborate with our stakeholders to reduce disruption and trespass on the railway network. It will undermine our close engagement with Network Rail and other partners to develop a common operating model with which to maximise industry investment to meet shared goals.

The removal of capital investment will see a reduction in BVLOS Drones at 14 of 23 planned sites over the life of the 3-year plan which will see a diminution of potential delay minutes saving (from end of 2028/29) of **50,000 per annum**. This will diminish our ambition to expedite railway recovery, boost public confidence, and decrease overall disruption costs, to keep then trains moving. The effect on the benefits both to BTP and the wider rail industry include:

- Decreased response and incident closure times (and associated industry savings).
- Negative impact on passengers frustrated with disrupted services, potentially leading to lost revenue.
- Reduced efficiency opportunity in officer time for other deployments.
- Decreased safety for BTP and Network Rail, maintaining the need for staff to put themselves in danger by going onto the railway.

- Reduced access to remote or difficult to access locations.

Performance Impact:

There are operational, financial and service impacts associated with not proceeding with the planned Network Policing uplift at Yeovil, including the continued coverage gap, lost disruption savings and reduced performance resilience.

- **Continued coverage gap**: Southampton officers remain stretched, covering Yeovil and even Bridgewater (2-hour custody runs), leaving demand unmet and increasing reliance on Hampshire Police.
- **Lost delay savings:** Schedule 8 costs of £3.06m persist due to 18,664 primary and 54,475 overall delay minutes, as response times remain long.
- **No performance improvement:** The planned 75-minute response time reduction does not materialise, prolonging disruption and passenger dissatisfaction.
- **Unmitigated incident demand:** 1,130 hours of unattended demand in Bournemouth/ Southampton area continues, with high-priority incidents (GBH, assaults) still at risk impacting passenger and rail staff confidence.
- **HO attendance pressure:** Home Office forces will keep absorbing incidents (FY 2024/25 saw 59), undermining BTP's ability to deliver its Optimised Policing Model.

This element of the MTFP has received strong support from industry. However, without a police station to deploy the additional officers from, it will not be possible.

Strategy Impact:

Aligned to the progression of the MTFP (Scenario A) submission, agnostic of revenue / capital split, BTP has developed a new three-year strategy with five Strategic Objectives and an accompanying Blueprint. This work focuses all activities year-by-year, including the A Force on the Move and Innovation Mechanism plans, as well as business as usual delivery – to clearly describe how the strategy will be delivered. Development has been shared and endorsed through the Q1 and Q2 Strategy and Planning Committees, with feedback being incorporated throughout the process. For the first time, our strategic plan and financial plan are intertwined; three-year investment against a three-year strategy.

It is critical to ensure the new strategy is deliverable within the multiyear financial settlement. Because the CDEL restrictions have disproportionately impacted the discretionary elements of the MTFP, by nature the impact is felt in our 'future state' commitments. Whilst the deficit may seem small in £ terms, the £12m allocation funds just 23% of our discretionary change. At this stage, it is not possible to provide reassurance that the Strategic Objectives and Blueprint end states are deliverable. 45 of the 89 future end states are dependent on the investment plan and Innovation Mechanism. Whilst many of these could be delivered with the revenue available in the revised MTFP, it is sensible to revisit the construction of the strategic commitments. This review will be completed in parallel with a reconstitution of the portfolio in early 2026 before the Strategic Plan is returned to Strategy & Planning Committee.

Economic Benefit Impact:

The total UK benefit from the **Network Policing** block falls from £116.0m to £109.7m, after the Yeovil officers are removed. The Network Policing Benefit Cost Ratio (BCR) is still high at 3.61 (3.62 previously), so for every £1 investing in Network Policing, the UK receives £3.61.

VIAWG assumed to be the same benefit as only difference is use of hire cars. **Drones** (BVLOS) now only funds maintenance of sites. Therefore, there is a loss of £11m in rail benefit in comparison to the original 8% scenario. The total UK benefit will be £20.5m from the reduced BVLOS programme, previously it was £50.2m.

The total UK benefit from the new MTFP is **£156.4m**. This is down from **£192.3m** in the original plan. The BCR falls from 3.35 to **2.56**, which is a substantial reduction, but is still in the 2nd highest DfT category of value for money.

Senior Influencing Group (SIG) - 1 December 2025

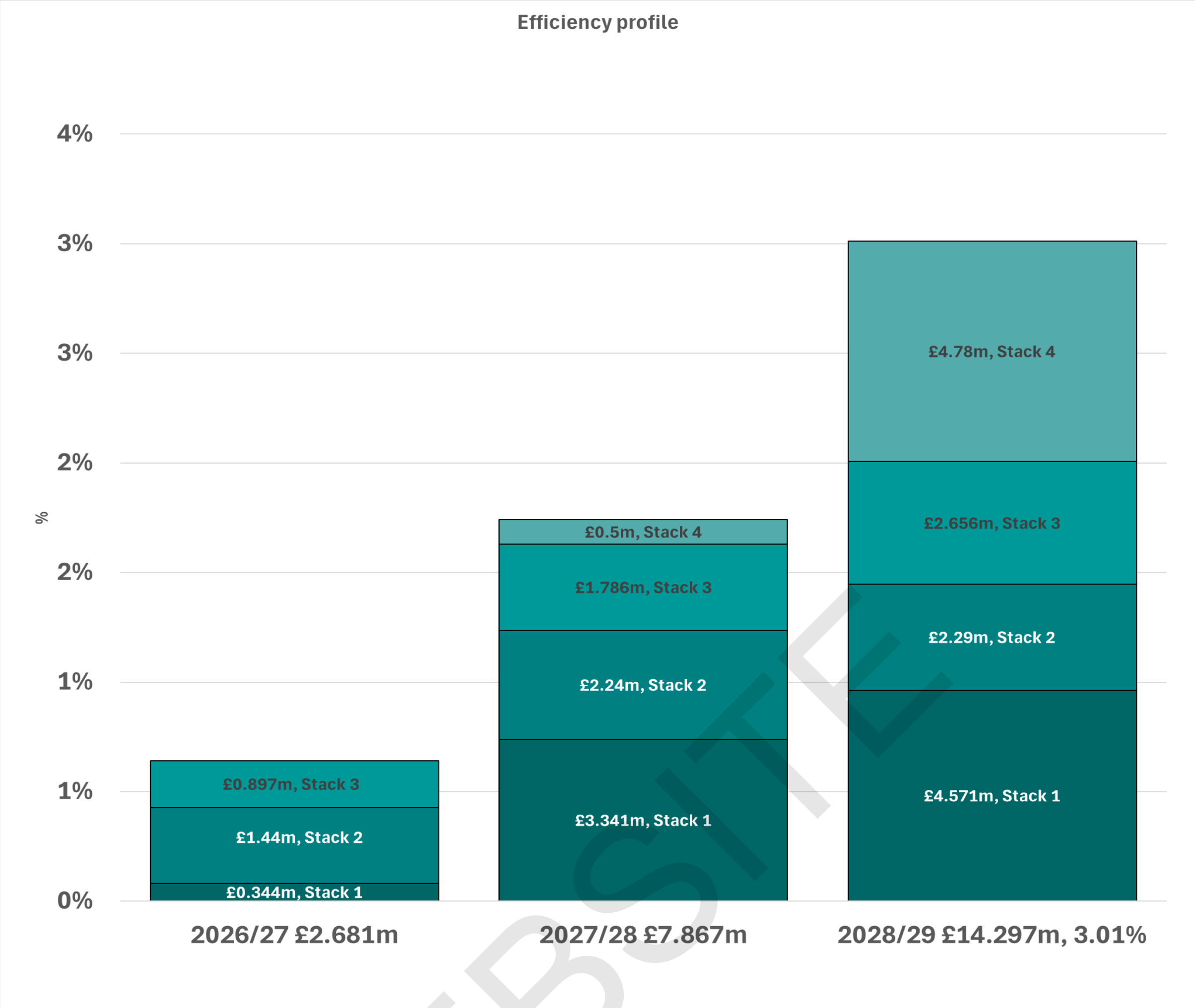
Following a presentation on the impact of the 4.7% efficiencies, and the receipt of specific stakeholder feedback (via correspondence and within the SIG) that the industry are not supportive of headcount reductions where they will lead to service reductions, at the scale currently assumed in the MTFP for 2028/29. There is a 4.7% efficiency target (£22.208m) for this year, of which £7.911m will come from Stack 5.

Stack 5 is a top-sliced headcount reduction, not linked to any targeted innovation work. This would be 118 full time people. Senior industry leaders felt that this was too far in the context of the ambition for improved performance and the benefits associated with the growth in 2026/27 and 2027/28, especially given a large proportion of this final stack would come from Network Policing. One Member suggested a 3% efficiency target may be more sustainable. The BTPA Deputy Chair asked BTP to take this away and present to the Full Authority whether this revision would represent a more optimal balance of service benefits and true efficiencies.

Removing Stack 5 leads to a **3%** efficiency target during the life of the MTFP. This equates to **£14.297m** in cashable savings. Of this, £9.518m is from Stacks 1-3, which represent higher confidence as they relate to agreed contractual savings, ongoing non-pay controls and new establishments being delivered through churn. These areas do require additional focus and ongoing management and tracking, but they are largely within the Force's control. It leaves £4.780m in Stack 4. This is for targeted innovation-led savings, which remains an ambition. Whilst the CDEL restrictions make this more challenging, the overall scale – accepting some opportunities within the course of the MTFP – should be manageable, without a counter-intuitive reduction of police officers to be recirculated in private security funding.

As such, an updated efficiency profile is shown in the following graph. This profile remains ambitious but will not result in top-sliced headcount reductions in 2028/29 and enables the entire MTFP delivery to be underpinned by planning assumptions, accepting that those assumptions will mature in later years. This is an efficiency plan that BTP can support. It is also in the spirit of the original BTPA directive, seeking an efficiency of between 3-5%, whilst providing greater operational resilience to sustain the benefits in the MTFP beyond 2027/28.

It is therefore recommended that as a product of industry engagement, the revised efficiency profile (shown below) is accepted by Full Authority, and BTP are directed to pursue Stacks 1-4 alongside the associated service benefits. This results in a cashable efficiency of 3%.



There was universal support from industry / DfT for the 8% charge in 2026/27. As a result of how the charges will be applied, this is no longer feasible as the original 8% included the full capital requirements. However, for the updated budget based on the CDEL restrictions, an 8% uplift including the £12m DfT capital and the revenue adjustments, would mean a 6.5% average charge to industry for 2026/27. The CAM may vary this slightly.

Removing Stack 5 efficiencies means that 2028/29 is updated from 1% to 2.7%, of which 2.5% would be the charge to industry in 2028/29. The final year's journey is as follows:

- **+3.4% Price impact**
- **+0.1% Portfolio Base**
- **+0.0% Network Policing**
- **+0.7% Capability Review**
- **+0.0% Drones**
- **-0.1% VIAWG**
- **+0.1% Timing Realism**
- +0.2% Depreciation
- -0.4% Headroom
- **-1.4% Efficiencies**
- **+2.7% total uplift**

Overall, this now means that:

- **BTP** have 8.0%, then 5.0% and then 2.7% more to spend than in 2025/26. Of this, £12m for capital over the three years will come from the DfT with the rest being charged to industry to support the revenue budget (6.5%, 5.9% and 2.5%).

- **BTPA** have secured £12m additional capital out of the £18.8m required. There were clear views from SIG that the shortfall could be sourced from industry. Securing the remaining funding would give BTP everything needed to deliver the Strategy.

- **Industry** charges will be lower than in the initial plan. With DfT funding £12m of capital, the charges to industry (which will vary by funding provider through the CAM) will average **6.5%**, **5.9%** and **2.5%**.

The presentation of the tables throughout this MTFP process has been agnostic of budget type and based on securing the cash required to deliver both the capital and revenue uplifts. In the initial presentation of 8%, for example, capital was 2.1% of the total and revenue was 5.9%. Previous increases to the capital budget have been managed through increases in depreciation using cash reserves as a smoothing mechanism. The increases required by this MTFP are too large to manage in this way – so the MTFP assumed a full charge to industry was required to manage our cashflow.

Updated MTFP Model

The revised model is set out below. The original model assumed that capital (£18.8m) would be charged to industry. In the revised model, only depreciation (£5.9m) for the approved additional £12m capital spend is included within the revenue line. This materially reduces the charges to industry. Following the other minor adjustments described above, additional revenue headroom of £3.88m has been added over three-years. The table is described below.

	DfT Capital (excl. existing)			MTFP funding bid (all revenue)			Total (for comparison)		
	2026/27	2027/28	2028/29	2026/27	2027/28	2028/29	2026/27	2027/28	2028/29
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Base				418.513	418.513	418.513	418.513	418.513	418.513
Price				18.965	35.464	51.659	18.965	35.464	51.659
Portfolio Base	5.000	2.070	3.200	-2.744	-2.021	-2.602	2.256	0.049	0.598
Demand - Network Policing				6.460	12.490	12.490	6.460	12.490	12.490
Demand - Capability Review				2.757	5.840	8.925	2.757	5.840	8.925
Ambition - AFotM	1.093	0.477	0.160	3.005	1.460	2.000	4.098	1.937	2.160
Ambition - Drones				0.793	0.819	0.869	0.793	0.819	0.869
Ambition - VIAWG				4.391	4.528	4.277	4.391	4.528	4.277
Establishment Reset Tail				3.027	3.027	3.027	3.027	3.027	3.027
Timing Realism				-9.636	-4.409	-4.001	-9.636	-4.409	-4.001
ESN running costs				0.464	0.000	0.000	0.464	0.000	0.000
Depreciation (on £12m)				1.354	1.920	2.667	1.354	1.920	2.667
Headroom to mitigate risk				1.234	2.283	0.364	1.234	2.283	0.364
Efficiencies				-2.681	-7.867	-14.297	-2.681	-7.867	-14.297
Total	**6.093**	**2.547**	**3.360**	**445.901**	**472.046**	**483.890**	**451.994**	**474.593**	**487.250**
Funded by DfT	**£12m over 3 years**								
Charge to Industry				**6.5%**	**5.9%**	**2.5%**			
Total Funding uplift							**8.0%**	**5.0%**	**2.7%**

Things that have changed since the previous MTFP submitted on 31 October 2025:

- Capital is now limited to the base budget, plus a total of £12m over three years. This budget cover is being provided by the DfT – but it will be funded through charging out depreciation to industry.
- The depreciation charges account for £5.9m revenue over 3 years.
- £6.838m of capital in the original MTFP has been removed. This includes stopping a number of projects within A Force on the Move (£4.27m) – such as consolidation of estates in Scotland, Manchester and discontinuing the planned new station in Yeovil, Drones (£2.4m) rollout and vehicles for VIAWG (£0.168m).
- The £1.5m capital for the Innovation Mechanism that has been removed was not included within the core MTFP and is therefore not relevant to this table.
- The Drones revenue has been reduced to only cover the existing revenue budget. The assumption is the programme will not expand further.
- VIAWG revenue has been increased to factor in the costs of car hire as the capital for purchases is no longer available.
- The first year running costs of the Emergency Services Network have been included. Capital and future years costs remain at risk, acknowledged by the DfT.
- A headroom line for revenue has been included, to retain the bottom line at the percentages previously engaged with industry and the level requested by the BTPA. The headroom is £3.88m over 3 years. This allows BTP space to partially mitigate the impact of the lost CDEL during the portfolio and strategy reconstitution in early 2026.
- On 1st December 2025, the efficiencies target was updated following SIG from 4.7% to 3%. This leads to a cashable efficiency target of £14.297m by 2028/29.
- The revised MTFP as set out leads to industry charges of 6.5%. 5.9% and 2.5%.

This revised MTFP results in lower charges to industry, which could be seen positively considering the known financial pressures and recent fare freeze[1]. It is also acknowledged that a range of additional charges will land this year, outside of the MTFP and not within BTP's control: the PRRB settlement, increase to London Weighting and additional CAM charges.

However, the 8% increase for 2026/27 has been well engaged in terms of benefits. Reducing this to 6.5% is at odds with industry leaders' expectations of BTP funding and their associated support to date. For every £1 invested in BTP's MTFP, £2.56 is returned, even with the CDEL changes described above. Reducing charges should be considered with this in mind.

This generates a small amount of revenue headroom over 3 years which could support cashflow management, consultancy to enable business process improvements, contribution to the larger spend to save schemes within the Innovation Mechanism (with no RDEL cover), or mitigate the impact of MTFP uncertainty – from future Budget announcements, PRRB etc.

[1] First rail freeze in 30 years to ease the cost of living - GOV.UK

It is not recommended to reduce industry charges further, considering the appetite, restrictions and the overall level of uncertainty associated with a three-year plan.

Acknowledging the reduced charges to industry and turning back to the BTPA Directive, the MTFP rebalances to an 8%, 5%, 2.7% for the **full** budget (inclusive of the DfT capital investment), which illustrates a similar position to what has been prepared, engaged and supported with an efficiency adjustment to mitigate service risk. In practical terms, the charges to industry will remain on average at the 6.5%, 5.9% and 2.5%.

<u>Conclusion</u>

The removal of capital investment to meet the CDEL restriction will limit our ability to deliver core benefits to the rail industry - lowering crime, boosting passenger confidence, and reducing disruption through optimised service delivery. Estate and technology gaps will persist, constraining operational effectiveness, asset resilience and performance improvement, while innovation schemes designed to unlock future cash-releasing efficiencies and deliver significant productivity returns will be constrained. Collectively, this will slow modernisation, restrict our efficiency goals and reduce capacity to provide the economic value and public safety outcomes that are positioned to contribute towards industry growth.

There are still many aspects of the MTFP which are retained. From sustainable investment in Network Policing, to an enhanced capability to tackle VIAWG. The SIG engagement has been productive, and the support from senior leaders across the rail industry on our investment priorities has been really encouraging. It is clear that the railway needs (and wants) to invest in a sustainable, visible, protective presence. The revised MTFP reflects this aspiration as far as possible within the delegations and financial constraints.

Finally, it should be noted that whilst this Annex has resolved the uncertainty relating to CDEL cover assumptions, the other stated uncertainties remain. The revenue headroom included in the plan could mitigate the adverse consequences of future pressures, providing a more robust MTFP over the three-year period.

<u>Recommendations</u>

It is recommended that:

1. The charges to industry relating to BTP's total budget are set at **6.5%** for 2026/27, **5.9%** for 2027/28 and **2.5%** for 2028/29.
2. Included within these numbers, and following extensive engagement with industry, the cashable efficiency target is set at **3%,** or **£14.297m** by 2028/29.
3. To enable the efficiency and effectiveness benefits set out in the original MTFP, it is recommended that BTPA **support** BTP by seeking an appropriate mechanism for the recovery of the capital deficit via an agreement with supportive partners.

The revised MTFP is therefore submitted to Full Authority for consideration.

Revised MTFP Proposal

	DfT Capital (excl. existing)				MTFP funding bid (all revenue)				Total (for comparison)		
	2026/27	2027/28	2028/29		2026/27	2027/28	2028/29		2026/27	2027/28	2028/29
	£m	£m	£m		£m	£m	£m		£m	£m	£m
Base					418.513	418.513	418.513		418.513	418.513	418.513
Price					18.965	35.464	51.659		18.965	35.464	51.659
Portfolio Base	5.000	2.070	3.200		-2.744	-2.021	-2.602		2.256	0.049	0.598
Demand - Network Policing					6.460	12.490	12.490		6.460	12.490	12.490
Demand - Capability Review					2.757	5.840	8.925		2.757	5.840	8.925
Ambition - AFotM	1.093	0.477	0.160		3.005	1.460	2.000		4.098	1.937	2.160
Ambition - Drones					0.793	0.819	0.869		0.793	0.819	0.869
Ambition - VIAWG					4.391	4.528	4.277		4.391	4.528	4.277
Establishment Reset Tail					3.027	3.027	3.027		3.027	3.027	3.027
Timing Realism					-9.636	-4.409	-4.001		-9.636	-4.409	-4.001
ESN running costs					0.464	0.000	0.000		0.464	0.000	0.000
Depreciation (on £12m)					1.354	1.920	2.667		1.354	1.920	2.667
Headroom to mitigate risk					1.234	2.283	0.364		1.234	2.283	0.364
Efficiencies					-2.681	-7.867	-14.297		-2.681	-7.867	-14.297
Total	**6.093**	**2.547**	**3.360**		**445.901**	**472.046**	**483.890**		**451.994**	**474.593**	**487.250**
Funded by DfT	**£12m over 3 years**										
Charge to Industry					**6.5%**	**5.9%**	**2.5%**				
Total Funding uplift									**8.0%**	**5.0%**	**2.7%**