



Department
for Transport

**British Transport Police Authority
Triennial Review 2013/14
(Additional Terms of Reference)**

Part 2 Report

October 2014

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Executive Summary

This report considers and draws conclusions about a range of issues which were brought together as additional items within the Triennial Review of the British Transport Police Authority (BTPA). Although this report is free-standing, it may be understood more easily if read in conjunction with the already-published report on the Triennial Review of BTPA, which addressed issues about the continued need for the Authority's role and the case for it to retain its existing status as a non-departmental public body (NDPB). The Triennial Review confirmed that the BTPA should remain an NDPB and that its role in overseeing the British Transport Police (BTP), embracing responsibility for the functions assigned to it in the Railways and Transport Safety Act 2003 ("the 2003 Act"), remained necessary. Those conclusions in turn confirmed that this "Part 2" review would proceed, addressing a range of issues about how the Authority undertakes various aspects of its role.

This further review, like the main Triennial Review, was carried out by a senior civil servant, Peter Murphy, of Her Majesty's Passport Office with oversight by a Challenge Group. The terms of Reference (ToRs) for this part of the review are attached at Annex A. The membership of the Challenge Group is at Annex B.

The Triennial Review's conclusions were considerably influenced by the views of stakeholders, notably the rail companies, who consider it important, if not essential, that BTP should continue to act as a specialist, national police force for the railway. However, it is evident from the additional ToRs considered in this report that reservations exist within the rail industry about how BTPA discharges some aspects of its role.

The costs incurred by the BTP and BTPA in carrying out the statutory functions assigned to them by the 2003 Act are recovered from rail companies who are obliged to pay contributions according to a charging mechanism designed and applied by the Authority. The charges cannot be negotiated, and the Policing Service Agreements (PSAs) which enshrine the relationship between the Authority and the various companies define the services offered at a very general level. This creates some frustration on the part of the industry, which struggles to relate the costs incurred to the services delivered. The ToRs reflect concerns which are very much those of the industry and this report attempts to assess how reasonable those concerns are and what can be done to reduce them and to create a more harmonious and productive relationship between the Force the Authority and stakeholders. However, while the main basis for the review lies in issues raised by the industry, it has attempted within the analysis and the conclusions to take account of other stakeholders' views, such as those of rail passengers.

Summary of Conclusions

The Force has made a genuine effort to improve its operational efficiency. This should continue, taking account of Her Majesty's Inspectorate of Constabulary (HMIC) view that they have done well in this area but that a more aggressive approach to driving out savings should be possible.

There should be no automatic presumption that options under which savings achieved by BTP are recycled into additional policing resource, as normally the case in the past, should always be adopted in future.

BTPA should consider giving greater visibility to efficiency measures and how they are built into forward budgets. Relevant papers can take many months to be made accessible on the site and even then may only be found through tenacious searching. The Authority should consider how material on efficiency savings and key cost assumptions can be more easily identified and accessed.

As soon as practicable, the BTPA should work with the BTP on a zero-based review of the Force and its budget rather than continuously relying on applying financial discipline through a formula limiting annual increases. Such a review should address the ongoing need for BTP to carry out all its current functions as well as questions such as the balance between PCs and PCSOs.

Policing and security services are deployed on the railway in a range of ways and by various providers including the rail companies themselves. It is a complex scenario within which the “user pays” principle is applied through charges to companies for BTP’s costs of meeting its statutory obligations. Costs don’t disappear because necessary work is moved elsewhere. Decisions on where particular responsibilities for railway policing and security fall should be taken on grounds of how the activity in question is best delivered and not on grounds of whether the industry may thereby escape paying.

The fostering by BTPA of a good understanding of the relationship between BTP’s costs and the service levels and policing outcomes it delivers is fundamental to the more positive relationship that is developing between BTP/BTPA and stakeholders. The Authority has made good progress in this but further improvement is possible. In particular, its approach to consultation should allow stakeholders to have a better understanding of how the challenge of setting objectives clearly aligned with the costs of delivering them is worked through and addressed.

The railway industry has also improved its ability to respond thoughtfully and coherently to consultation opportunities, particularly through the creation of the Rail Delivery Group. The industry has not, however, always been an easy client for BTP and BTPA to deal with and should continue to develop its ability to take a clear and consistent line.

Industry members are on the Authority for their knowledge and experience, not to represent their organizations. They ensure that the industry’s views are well understood but cannot substitute for effective comment and influence by the industry from the outside. There is not a case for major change in the arrangements for the appointment of Board members or the overall composition of the Authority.

The Department and the Authority should in tandem work up a written statement setting out how the latter’s commitment to consultation will be delivered and the range of issues which stakeholders could expect to be consulted on. The Department should further consider how the statement can be given appropriate formal status.

Local initiatives to establish integrated railway and policing operations have had success and must be built on. Starting with operational collaboration and taking the lessons into planning and funding may be the best way forward. The intensity of industry dissatisfaction about PSAs needs to be recognized by BTPA. Even though the Act may impose limitations on what can be included in PSAs themselves, and compromise may be needed on both sides, it should be possible to give individual companies more clarity about what they can expect.

While the industry, especially Passenger ToCs can be expected to have a good understanding of the needs and priorities of their customers, it cannot be assumed that passenger and industry interests will always be fully aligned. This review has been asked to focus on matters which reflect the concerns of rail companies, but it will remain important for the Authority to ensure that passenger views are taken fully into account when planning and resource decisions are taken.

Although some of the ToRs imply dissatisfaction with BTPA's stewardship of BTP and its engagement with the industry, many stakeholders are complimentary about the Authority's current leadership and the improving trend in its willingness to act collaboratively and to consult. Broadly this review's conclusions reflect the case for making further progress along a path the Authority and stakeholders have already taken. Nothing in this review detracts from the validity of the recommendations in the Triennial Review that the existing functions of the Authority and its existence as an NDPB should be confirmed.

Introduction

The British Transport Police Authority (BTPA) oversees the British Transport Police (BTP), sets its targets and allocates funding for its budget. It is an independent body comprised of up to fifteen members who provide knowledge and experience of the railways industry, railways employees, the different countries making up Great Britain, and issues that concern passengers. They meet six times a year to carry out the functions described above. Membership of BTPA as at the time of the review is set out in Annex C.

The BTP is the national police force for the railways. As at January 2014 it was comprised of 2,906 police officers, 1,484 police staff, 369 PCSOs and 247 special constables. It has a statutory responsibility for policing the infrastructure maintained by Network Rail, and the trains and stations of 39 passenger and freight companies operating mainline rail services. Certain other rail companies have voluntarily signed agreements with BTP for provision of policing services.

BTP's vision is "to deliver a first class, specialist policing service for the railway and to be recognised by our customers as providing excellent value for money". Its mission is "to protect and serve the railway environment and its community, keeping levels of disruption, crime and the fear of crime as low as possible".

The establishment of a police authority for the BTP, and conferment on the Force of a statutory jurisdiction over the railways, are set out in Part 3 of the Railways and Transport Safety Act 2003. The relevant provisions of the Act, establishing the BTPA, came into force on 1 July 2004. The BTP and the Authority are funded by the companies that provide passenger, freight and infrastructure services on railways across England, Scotland and Wales (i.e. the train operating companies, freight companies and Network Rail).

The 2003 Act provides for the BTPA to enter into a Police Service Agreement (PSA) with each of the companies receiving services from the BTP, committing it to carry out the policing of the railway or railway property in connection with which the railways services are provided. BTPA also maintains the accounts of the British Transport Police Fund (BTPF) and makes arrangements to have the accounts for each financial year audited.

The PSAs are the means by which operators are required to use and pay for the services of the BTP and the costs of BTPA. Section 33 of the 2003 Act places on BTPA a requirement to balance its costs with revenues through PSAs both in aggregate and in respect of individual users, with the amount of the contribution from each PSA holder reflecting the nature and extent of the functions likely to be undertaken for that holder as closely as possible. Devising and maintaining a charging model which meets this statutory requirement is therefore a key responsibility of the Authority. Under the 2003 Act, the Authority is the legal employer of all BTP officers and staff, although the Chief Constable is responsible for their operational deployment.

The BTPA budget for 2013-14 is £1.87m. The approved net budget of BTP for "over ground" operations (broadly equating – along with BTPA costs – with the sums contributed by railway companies under the PSAs) is £204m. The totality of BTP's budget includes an additional £51.9m funding (2013-14 figure) negotiated with London Underground.

The Triennial Review has concluded that the functions of BTPA remain necessary and that the Authority should continue to exercise them in its current form, ie as an NDPB. Those conclusions were considerably influenced by the views of stakeholders, notably the rail companies, who consider it important, if not essential, that BTP should continue to act as a specialist, national police force for the railway. However, it is evident from the additional ToRs considered in this report that significant reservations exist within the rail industry about some aspects of how BTPA operates and the outcomes resulting from that.

What this Review has looked at?

The Terms of Reference were necessarily the starting point for the review. As the collection of evidence and stakeholder views progressed, however, it became evident that the report could be structured more clearly and helpfully if the main concerns given vent by the ToRs were reframed in a slightly different way. The structure of this report is therefore based on an assessment of seven key issues which collectively appear to cover the matters of most concern to stakeholders. Central to those concerns are the costs of the BTP (and of the Authority itself) which are met by charges made to railway companies. A number of stakeholders question the level of those costs (and hence the charges) with cost concerns arising in three linked, but somewhat separate ways.

- **BTP's commitment to optimizing efficiency** Whatever functions it is decided BTP should carry out, and the targets and objectives set for it by BTPA, does the Force pursue all means of ensuring that its obligations are delivered at the lowest possible cost?
- **Are all of BTP's functions appropriate to a national, specialist Force for the railway?** Given that the rail industry meets the cost of the Force, is it paying for functions that it is not essential for BTP to carry out in order to meet its obligations under the Act?
- **Is there sufficient clarity about the link between BTP targets and what they cost to deliver?** In setting the strategy for the Force, BTPA has asked it to achieve a number of challenging improvements to performance in key areas of its work. Assuming that there is a cost to achieving these has an appropriate balance between service delivery and costs been established?

One of the ToRs raises questions about the performance and effectiveness of the Authority's membership.

- **What expectations should stakeholders have about how Authority members with particular knowledge and experience demonstrate their effectiveness and influence decisions, and are these met?** The Triennial Review confirmed that the BTPA, operating as an NDPB, is the right body to carry out the range of planning budgeting and other oversight functions set out in the Act. Is the way the balance of the membership is defined by the Act, and do the decisions on appointments, help to secure effective performance?

A further question relating to how BTPA decisions can be "influenced" has been identified in the ToRs in at least two different ways.

- **What are the opportunities for stakeholders to influence the Authority's decision-making. Are they adequate and do stakeholders make best use of them?** The main stakeholder groups can claim to have

“representation” on the Authority as a result of provisions in the Act for BTPA members to possess particular areas of knowledge or expertise. Is this (and should it be) the main way in which decisions are influenced, what other ways are there and how do they work?

The ToRs highlight important issues for the industry about the linkage between police resources and policing outcomes and how these can be made more visible at local level.

- **Can BTP integrate its day-to-day planning and operations more effectively with that of the rail companies? Could Police Service Agreements (PSAs) be clearer about what companies should expect in return for the charges they pay?** The railway franchise map is a complex mix of service providers many of which operate within an easily-defined area (but with overlaps) others along a route and some a bit of both. How can BTP work effectively with companies on an individual basis while retaining ultimate responsibility for deciding between competing priorities? The industry has been frustrated by the lack of specific objectives within PSAs. Can this be improved upon in future?

Finally, while the ToRs have been drafted largely from a rail industry viewpoint it is important to bear in mind that there are other important stakeholders, not least passengers.

- **Does the oversight of by the Authority of BTP’s budgets, costs and plans adequately reflect the views and needs of rail passengers?** Rail companies can be expected to have their passengers’ interests in mind as failure to do so could drive users away, but BTPA needs to hear the passenger voice as a distinct entity and take a balanced view. Does this happen?

While on the subject of other stakeholders, and as acknowledged in the main report on the Triennial Review, there is a public interest in railway policing extending beyond regular rail passengers. The large amounts of subsidy which flow into the railway by one route or another give taxpayers and council tax payers, as well as central and local government, a legitimate interest in the efficiency and effectiveness of railway policing. Moreover the ability of the railway to operate safely and reliably, and the contribution this makes to the economy and to public confidence in a key service, represent a benefit for society as a whole not just that section of it which travels by train. This is probably why the 2003 Act gave a number of powers of direction to the Secretary of State for use at his or her discretion, albeit powers which have not been used to date. The review concludes that the incentives for TOCs to hold costs down as a result of the franchising arrangements, together with ORR’s regulation of Network Rail, offer a reasonable level of reassurance that the public interest in proper management of subsidy will be well-protected. It is certainly an issue of which BTPA are well aware.

Before addressing the various questions listed above, a further exploration of the context may be helpful bearing in mind that the costs and funding of BTP are central to most of the main concerns of stakeholders.

The Cost of BTP/BTPA

Many readers of this report will be well acquainted with the issues it considers; however, for those requiring additional background it may be advisable to read the report of the Triennial Review before going further with this one. In either case,

before this report goes on to address the key concerns raised by the ToRs, all readers may benefit from a more detailed overview of the financial context.

Tables which appeared in the report on the Triennial Review showing the costs of BTP and the BTPA over the period since the latter was created and the projected budgets going forward are reproduced here.

Table 1

BTP/BTPA Annual Costs (£m) from BTPA creation to 2013-14

	2004-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14
BTP	£127.9	£141.6	£169.0	£187.7	£194.6	£201.4	£204.1	£202.2	£202.2	£204.0
BTPA	N/A	£1.5	£1.7	£1.6	£1.8	£3.3	£1.9	£1.7	£1.7	£1.9

Table 2

BTP/BTPA budgets (£m) from the Medium Term Financial Plan (provisional)

	14-15	15-16	16-17	17-18
BTP	£207.5	£212.2	£218.7	£223.0
BTPA	£1.9	£2.0	£2.0	£2.1

A striking feature of the figures in Table 1 is the significant rise in BTP costs between the first year of the Authority's existence and 2007-08. This reflected BTPA's view at the time of its creation that the Force's poor reputation and perceived lack of effectiveness was at least partly the result of its lack of success under the previous arrangements in securing resources commensurate with the role required of it. The rail industry, looking back, now seems to accept that interpretation, but the size and pace of the budget increases which took place had not been expected and were not welcomed. Companies also felt the way that PSAs had been imposed created a sense that the Authority could not be trusted to protect rail companies from further significant increases that they had been given little chance to plan for. As that period of steep cost escalation came to an end there was a trend towards lower annual increases in the budget with the BTPA deciding that year-on-year changes in the budget should not exceed RPI and would be below inflation where possible (hence no increase between 2010-11 and 2011-12).

Table 2 sets out BTPA's plans for future BTP expenditure on statutory policing. Although not explicitly required to do so by the Act, the Authority have chosen to provide year-on-year as clear as possible a funding context for their policing plans by publishing a medium term financial plan (MTFP) which offers a firm budget for the

year following and an indicative requirement for the three years after that. The MTFP provides a basis for companies to understand how charges levied on them may vary in the future (although the impact of the charging mechanism means that what each company pays can and does vary year-to-year). It also provides an opportunity for a more informed debate between the Authority, the Force and stakeholders about the policing plans; how they will be delivered and what the cost implications are.

BTPA's recent approach of maintaining budget increases in line with inflation has been applied to the setting of budgets in the MTFP; here of course it requires forecasts of inflation for some years ahead to be factored into budgetary planning. It should be noted that while BTPA commit to best efforts to comply with the MTFP the BTP budget is set on an annual basis according to specific plans for the following year and after discussion with the Chief Constable.

Taking a high-level look across the years it can be inferred that, following the significant cost increases in the 2004-08 period, the Authority believed that BTP's funding was broadly at the "right" level and that viewpoint has now been carried forward into plans through to 2018, with the Force finding the scope for improved delivery and policing outcomes through efficiency savings.

The figures in the tables reflect the cost of statutory policing by the Force; the costs of negotiated contracts for policing services for companies not covered by the statutory requirements (eg London Underground) are over and above those costs. The 2003 Act provides for the statutory costs to be met in their entirety by charges made to the companies receiving the services. However, the introduction in 2007 of a new system for the calculation of charges was met by a legal challenge which led to a judgment that BTPA had acted unlawfully and that certain PSA holders must be given four years notice before being moved on to the new charging model. This resulted in a shortfall in the amounts BTPA could collect from companies which was met by a temporary financial contribution from DfT.

A revised charging matrix covering all statutory policing was introduced for 2013-14. In that year the total amount collected from companies had to rise modestly as a result of the ending of DfT's subvention, while the new matrix had varying impacts on the proportion of costs levied on individual operators. Although the former reason for an increase was a "one-off", the latter is an unavoidable feature of a system for fixing charges which has the flexibility to reflect changing circumstances and variations in service provision. The joint impact of the ending of government subsidy and the imposition on some companies of charges reflecting a higher proportion of the total was an uncomfortable reminder of the potential for charges to rise to a level for which they may not have planned.

The review has looked at the process for developing BTP budgets, and interviews were held with the Chairs of both the Finance and Policing Plan Sub-Committees. The approach followed recently by the Authority has been to determine forward budgets by adjustment to existing ones, with a presumption that there will be a rising level of cost but with RPI-based constraints on the level of increases. The underlying reasoning is that the Force will continuously seek efficiencies with the resulting savings being recycled into frontline policing to enable improved performance in areas of importance to the industry while the budget remains static in inflation-adjusted terms. The BTPA's Finance Committee requires the Force to offer accountability for its efforts in holding down costs, particularly back-office costs, and provides continuous oversight of how the budget is being spent.

Approaching budget-setting by way of annual assessments of the case for, and size of, uplifts on the previous year is common across many organisations, but good practice suggests that such an approach needs to be reinforced at intervals by a fundamental, zero-based review of costs. The Finance Committee Chair at the time of the review acknowledged the desirability of this although it had not happened to BTP recently and there was not a firm commitment to one in the future. This issue is returned to further on in the report. .

The budgets set out in the MTFP have had a mixed response from the industry. The commitment to keeping increases within RPI is generally seen as encouraging when compared with the much higher increases which occurred in the period 2004-08. Some industry players see this as an acceptable basis for planning, providing the plans can be relied upon to be implemented from year to year without amendment (or with any changes being in a downward direction). Others take the view that BTP costs should be on a reducing trend rather than a rising one, and do not believe that this need be inconsistent with requiring BTP to deliver higher performance.

One of the factors influencing expectations of a falling budget is the “McNulty Review”, which led in 2011 to publication of the report “Realising the Potential of GB Rail” a key conclusion of which was that a concerted effort was needed across the railway to halt and reverse the trend of cost escalation. Against the background of McNulty, an issue exercising many in the industry has been that BTP efficiency measures (such as the current restructuring programme which significantly reduces the numbers of senior officers) will see the resultant savings redirected to putting more police in the front line rather than to reducing the Force’s overall cost. Some rail operators look at the way resources for Home-Office-funded local forces have been reduced in cash terms as part of the Government’s deficit reduction policy, with a consequent reduction in police numbers, and question the case for BTP to be immune from similar treatment.

McNulty

This Review was wide-ranging but since the costs of railway policing are a very small proportion of the total cost of providing railway services across the GB network, BTP received limited attention in the main McNulty report. A review of the value of BTP was however carried out by consultants AECOM under the McNulty umbrella. The conclusions of that review and how they have been responded to are dealt with in more detail below. Leaving aside the specifics of the AECOM review, McNulty has helped to create a climate of opinion in which cost reductions are expected across the broad spectrum of railway operations, with the report identifying a 30% reduction in the unit costs of the railway (measured as cost per passenger kilometre) as being possible by 2018.

Substantial expansion of the railway network and usage thereof is forecast for the period to 2019, extending a trend that has been evident throughout most recent years. Against the background of a projected increase in BTP costs limited to the rate of inflation, BTP and the Authority factor in the projected increase in McNulty’s unit of measurement (passenger kilometres) and calculate that the MTFP represents a real reduction in the cost of policing, fully meeting (and exceeding) the McNulty cost reduction objective.

These calculations have been challenged by some in the industry who consider that cost per passenger kilometre is not a reliable measure for assessing efficiency in the context of railway policing. The Office of Rail Regulation (ORR) seems to take a similar view. As mentioned in the Report on the Triennial Review, the ORR’s Final

Determination for Control Period 5, published in October 2013, contains an assumption that the year-on-year size of Network Rail's contribution to the costs of BTP will fall in cash terms over the period. This is obviously at variance with BTPA's assumptions and reflects a belief on ORR's part that BTP can make a larger contribution to meeting the McNulty challenge than is reflected in the MTFP.

Key Issues

Having set out the financial context at some length, the report now looks in turn at each of the key issues drawn out from the ToRs.

BTP's commitment to optimizing efficiency

BTPA has an objective for the Force linked to delivering value for money to which BTP has been subject since 2011. The requirement is for BTP to deliver £16.5m of efficiency savings over the period to 2015 (this is the same period as covered by the spending review carried out by the Coalition Government shortly after the 2010 election).

Conversations with stakeholders (particularly rail operators) indicate that some are sceptical about the Force's commitment to, and success in delivering, efficiency savings. These sentiments have not necessarily been driven by such evidence as is available, and may owe more to an assumption that if success in finding savings had been achieved there would not need to be a continuous pattern of annual increases to the budget. In fact rising costs do not mean that savings are not being achieved; as claimed by the Authority and the Force to be the case here, they can be recycled into additional operational resource rather than taken out of the budget. Some stakeholders, however, would be more convinced of the commitment to efficiencies if the total costs of the Force were held steady or reduced. The Authority's Finance Committee Chair commented that he felt the Force leadership remained "growth-focused" implying that they were more incentivised to seek savings when these could be retained to reinforce the front line.

To provide balance, it should be added at least one senior industry figure was complimentary about what the Force had done in the area of efficiency, suggesting that it compared favourably with his perception of the efforts of local forces. One rail industry member of the BTPA Full Committee who is not on the Finance Committee but has regular oversight of its deliberations commented to the review that the Committee provides more scrutiny than he had expected prior to becoming an Authority member and believes its activities genuinely help to drive improved financial performance.

For an explanation of how BTP goes about meeting the efficiency challenge, the review took views and evidence from Assistant Chief Constable Mark Newton who at the time had responsibility for BTP's corporate services and the delivery of its "back office" savings. In addition it reviewed the BTPA Full Committee paper which sought, and gained, approval for the MTFP and set out a number of assumptions about efficiencies and handling of cost pressures underlying the figures in the Plan.

Mark Newton told the review how the Force makes use of benchmarking cost data published by CIPFA to review its own costs. He described the data as "useful" but also as having to be treated with some caution as the Force differs operationally from local forces in a range of ways which may impact costs. For example it owns no property and relies on renting premises or sometimes getting cheap or free access to

accommodation at stations. It was not surprising that estates expenditure looked high when considered against that of most local forces which own rather than rent. Overall he considered that progress on efficiency had been good but there was more to be done which was factored into future financial plans. The non-availability for BTP of an exemption from VAT was something which made collaboration with other Forces on procurements more difficult. Nonetheless, they were looking with the Metropolitan Police at outsourcing options which might be pursued jointly. He felt that there was a lack of understanding at the top of the rail industry about what the Force has been doing to pursue efficiency and that the Force and the Authority needed to consider whether these efforts had been well enough explained and communicated.

As this review was nearing its end, HMIC were preparing to publish a short report on BTP's "response to the funding challenge", a review undertaken as part of a wider inspection programme looking particularly at how local forces were coping with the budget reductions announced by the Home Office in 2010 but was extended to BTP at its and the Authority's request. Those with a close interest in BTP's success in finding efficiency savings can read in full the Inspectorate's report, which will be found on its website. In brief HMIC's assessment is that the Force has responded well to expectations of its funders, while acknowledging that it has faced a smaller financial challenge than other forces because there has been no enforced reduction in its budgets and it can reinvest the savings it makes into policing.

HMIC states that it is confident that the force is on track to deliver its savings target, has a good track record in this area and maintains a strong focus on crime reduction and a range of performance targets. Nonetheless it believes that BTP can learn from other forces that have faced a larger challenge and have had to transform significantly the way they operate to meet their savings requirement, while at the same time protecting the front line and improving delivery of services.

In that future period to which the HMIC report is referring, BTPA's Strategic Policing Plan for 2013-19 sets out how BTP is expected to respond to the cost reduction pressures and other issues arising from significant changes affecting the rail industry. The MTFP provides the financial underpinning for the Strategic Plan. Based on DfT's forecasts of growth in passenger kilometres used by ORR in its Final Determination for Control Period (CP) 5, BTPA calculate that BTP's cost per passenger kilometre will reduce by 39.5% over the period of the Plan, representing a contribution to cost reduction greater than the level proposed by McNulty,

This report has already mentioned doubts that have been raised as to whether passenger kilometres offer a reliable benchmark for measuring cost pressures on BTP. The review understands those doubts, seeing for example some merit in the view that passengers are less likely to need the reassurance offered by a police presence on a busy train or station than they would on sparsely-used ones. Furthermore, significant amounts of BTP effort are dedicated to dealing with disruptive incidents, such as suicides, the incidence of which is not driven by levels of passenger usage.

The most specific challenge to the RPI-linked rise in BTP budgets has come from ORR in its Final Determination for CP5, containing an assumption that the charge to Network Rail for BTP will reduce by 3.7% per annum over the period 2014-19, from £71m in 2013-14 to £61m by 2018-19. If the same efficiency factor is applied to total BTP costs (and making the assumption that Network Rail's share of those costs under the charging mechanism remains steady over the period) BTP's budget would

fall to £175.4m by 2017-18 compared with £223m for that year under the formula used in the MTFP.

When interviewed by the review, ORR acknowledged that the assumption about Network Rail's contribution to policing costs was not based on a close analysis of those costs or of specific efficiency options but more generally on an assumption that the existing contribution by Network Rail represented a "pre-efficient" amount and some form of efficiency gain therefore needed to be factored in. It did not think that Network Rail had set out a convincing case for maintaining 2013-14 contribution levels as its base assumption and had therefore applied an average efficiency percentage based on (non-police-specific) economic studies it had commissioned in preparing the Final Determination. ORR felt that the assumption it had made should encourage Network Rail to show "industry leadership" in commenting on BTPA's budget proposals.

Network Rail has the option of appealing against the content of a Final Determination, but announced in February 2014 that it did not intend to appeal against ORR's conclusions for CP5. This does not imply that Network Rail agrees with all the individual conclusions and component assumptions within the Determination and it retains substantial discretion over day-to-day decisions on resource utilisation. ORR clearly does not have responsibility for setting BTP budgets and charges which remains for BTPA. This review does note that part of ORR's justification for its assumption would involve accepting AECOM's view that the railway's share of costs could be reduced simply by taking functions out of BTP and placing them elsewhere, a questionable view which is addressed elsewhere in this report. It should also be noted that HMIC's report on how BTP has met the funding challenge would suggest that the amount Network Rail is currently paying for BTP is not entirely "pre-efficient". Finally, it must be expected that Network Rail's ability to provide the "industry leadership" looked for by ORR would be challenged by the ToCs, who will not see their priorities for policing as being fully aligned with Network Rail's and will not want their views on costs and priorities subsumed within the infrastructure provider's wider perspective.

The review does not find a clear and obvious answer to the question of how BTP's capacity to contribute to overall cost reduction by the railway can best be estimated, and how far McNulty's 30% target for the railway as a whole is appropriate for BTP. In the absence of any obviously better approach, there seems nothing intrinsically unreasonable about measuring savings against cost per passenger kilometre. Nonetheless, while BTPA's estimate of a 39.5% reduction in "real" cost may look impressive, and despite it appearing to suggest that McNulty's objective will be exceeded, the review does not think that this should lead the Authority or the Force to rest on their laurels or cease to address the challenge of further reducing cost wherever possible. They also need to be careful about the perceptions they create when referring to McNulty. One stakeholder expressed doubts about whether there were sufficient incentives for BTPA to seek further efficiencies "given that BTPA seem to think that McNulty has already been achieved".

The Force appears to have made a genuine effort to improve its operational efficiency whether through rethinking its structure or reducing the cost of its back office activities. Where, and by whatever means, savings have been found the preferred approach, endorsed by the Authority, has been to recycle them into additional frontline policing activity and more challenging targets. The HMIC report suggests that the Force has done well in managing its funding challenge but can do better in future, not least in learning from those local forces which have been particularly effective in managing significant funding reductions. This review notes

that if plans to remove the burden of VAT from the Force come to fruition this will remove one of the constraints which have hampered efforts to achieve significant procurement savings in collaboration with local forces.

BTPA's financial planning includes estimates of further efficiencies that are incorporated within the Force's forward budgets, albeit that these are expected to rise in line with inflation. The review concludes that, based on HMIC findings, a more aggressive approach to driving out savings should be possible. This will lead to choices for the utilisation of savings which are additional to those already factored into the MTFP: either further recycling into BTP's frontline deployment or reducing the total cost of the Force (or some mix of the two). It is not for the review to say that one or other approach should definitely be taken; this should be decided in consultation with stakeholders in the light of the best possible understanding of the impact on BTP capability and targets of alternative approaches. There should be no automatic presumption, however, that the "recycling" option for savings normally deployed in the past should be taken in future.

The review's conclusions about how consultation on BTP resource use can be improved are set out elsewhere in this report. Something that BTPA should consider in order to facilitate a better-quality debate on resource use is giving greater visibility to efficiency measures and how they are built into forward budgets. In theory they are available for public consumption through making relevant committee papers available on the website. In practice papers can take many months to be made accessible on the site and even then may only be found through tenacious searching. The Authority should consider how material on efficiency savings and key cost assumptions can be more readily found.

Are all of BTP's functions appropriate to a national, specialist Force?

The 2003 Act requires BTPA to maintain an "efficient and effective police force". It does not prescribe in detail how the force should be organized and constituted. In practice the way in which the Force operates and the way it deploys its resources are determined by the Chief Constable in conjunction with the Authority. The purpose of the Force is expressed simply as being "to police the railways" without detailed definition, although the area of the Force's jurisdiction is defined by the Act in terms of what constitutes "the railways" and where the powers and privileges of a constable may be exercised. It is a wide definition, going beyond what might be regarded as "railway property" to include anywhere in Great Britain "for a purpose connected to a railway or to anything occurring on or in relation to a railway". The Authority is charged with defraying the expenses of the Force and collecting appropriate amounts from customers of the service.

The Act therefore empowers the Authority to give effect to the "user pays" principle, the aggregated payments of the users meeting what the Authority, in conjunction with the Chief Constable, regards as the necessary cost of providing an efficient and effective force. In practice, however, the cost of the BTP is more like a proxy for the cost of policing the railway than a precise statement of that cost. There is an acceptance that funding the force at a level enabling it to be the first responder to incidents on the railway right across the network, including its more remote areas, would not offer good value. Some policing of the railway is therefore provided by local forces in circumstances where they can provide the first response more promptly. On the other hand, some rail companies choose to sign "enhanced" agreements with BTPA giving them, in return for additional payment, access to BTP services beyond what would be provided within the statutory requirement. Some rail

companies also pay their own employees or contractors to provide security services which can and do overlap with policing services provided by BTP.

Some of the industry's disquiet about the cost of BTP has focused on the way in which it has organized itself to provide the "efficient and effective" policing required by the Act. While the desirability of having a national, specialist force responsible for the railway rather than relying on the combined efforts of the 43 local forces, is widely accepted, the need for BTP to replicate the way in which local forces organize themselves to deliver a wide-ranging set of functions has been questioned. There is a view that BTP could shed cost just by ceasing some of the functions it currently carries out and leaving them to others. This perception of a narrower role for BTP was a central feature of the review of BTPA undertaken by AECOM as part of McNulty which included a look at the scope for, and merits of, BTP activities ceasing or being moved elsewhere.

The AECOM review and its options were discussed with various stakeholders as well as the BTP and the Authority. Among the questions explored was why there had been no formal response to AECOM given that, even if some of the ideas put forward there were seen as impractical or misconceived there was bound to be a lot of interest on the part of the railway in the savings claimed to be available. The view of the Authority (and DfT) was that the decision to commission the review had been taken late on in the McNulty process and that there had not been time prior to publication to check thoroughly some of the data contained in it, particularly the estimates of costs and cost savings. As a result a number of errors existed, some significant, in the cost figures used to illustrate or justify recommendations, and this resulted in an overstatement of the saving potentially available. This, together with scepticism about the case for the change options themselves, meant that while the Authority communicated its views informally to stakeholders, no formal response to the report was issued. The DfT published in March 2012 a Command Paper "Reforming our Railways" which responded at a high level to the main McNulty conclusions but contained only the briefest of references (in the context of metal theft) to BTP.

This review has considered the AECOM report and at an internal critique of the paper prepared by BTP and BTPA. In its consideration of savings which might arise from reducing or reallocating BTP functions AECOM briefly looked at, but rejected, the merger of BTP's London Division with the Metropolitan Police. The other main options considered in this part of the AECOM report were:

- Ceasing the work of BTP's Special Branch;
- Transferring all serious crime investigation to Home Office Forces;
- Transferring football policing responsibility to Home Office Forces.

This report will not rehearse in detail the arguments for and against taking any of these steps. The review sees no reason to question the much lower costs of these activities quoted by BTPA as compared with those claimed in the AECOM Report and it is unfortunate that at least some very basic checking of key figures was not carried out before publication. There are, however, some important general points to make.

As pointed out above, activities which could be defined as "policing the railway" are carried out by a number of bodies, including local forces, Network Rail and ToCs, as well as by BTP who do so both as part of their statutory responsibilities and additionally under enhanced PSAs. The majority of the resultant costs fall to the

railway in one way or another, with the contribution of local forces the most obvious exception. What the railway is required to pay for by the Act is the cost of BTP's statutory policing. The Triennial Review of BTPA suggested that, even were BTP to be scrapped and its functions to be allocated to local forces, the user pays principle would almost certainly be upheld by means of some new mechanism.

It is unlikely that, were BTP to pass over to other forces specific activities which are (or could be claimed to be) its responsibilities for policing the railway, those taking on the work would be content to do so without receiving some compensating additional resource. While the Act defines the sums to be collected from the industry under "user pays" as what BTP spend on their statutory duties, the review does not consider that any reallocation of functions such as AECOM envisaged would take place without some rebalancing within the funding mechanisms which either saw the railway still paying for activities after they have moved away from BTP or public funding for the railway reduced so as to compensate the forces taking on the additional work.

As a "quick fix" for reducing costs falling on the railway, the options offered by AECOM therefore look less than compelling even before consideration is given to their practicality and wider justification. The overriding conclusion is that determining where policing should be carried out purely on the basis of who would pay for it offers a poor basis for such decisions. At some point, obviously, efficiency issues should come into play and costs cannot increase simply to allow optimum levels of service to be offered everywhere at all times. But the key question has to be what distribution of functions will provide the best policing outcome. It should be noted that in relation to serious crime there is already a process within BTP for deciding where a particular crime taking place on railway land can nonetheless be classified as not "rail-related" and therefore passed over to a Home Office force.

As regards football policing, local forces have always been responsible for policing at grounds and anywhere away from railway land where crowds congregate or are on the move. The BTP's focus is on football-related crime and public order issues on trains, at stations or immediately adjacent to stations. Taking account of the fact that many fans regularly travel to games across two or more local force areas, the case for BTP to relinquish the railway-related aspects of football policing seems particularly weak.

The statutory functions of the BTP in terms of its policing responsibilities are widely drawn and provide BTPA and the Chief Constable with some discretion over which policing activities should be deployed to meet the Force's statutory responsibilities. This is not to conclude that the BTP's current approach to how it organizes itself to deliver policing of the railway cannot and should not be challenged, rather that how it is funded is an unreliable basis for doing so. The BTPA should certainly regard it as part of its function to question the structures and organization of the Force as part of its continuing oversight of cost and efficiency, but always in recognition of the need to balance cost savings against effective policing.

The main conclusion of the question addressed in this section is that decisions on where particular responsibilities for railway policing and security fall should be taken on grounds of how the policing activity in question is best delivered and not on grounds of whether and how costs are met by the rail industry. Elsewhere in this report it is proposed that BTPA should commission a zero-based review of the Force's costs and functions. That review would provide an opportunity for the Authority and the Force to address the question of whether all the functions currently undertaken are genuinely necessary to enable effective policing of the railway.

One other comment should be made before the report moves on to other issues. While this review has doubts about whether the options brought forward in the AECOM report genuinely offer cost savings that can accrue to the rail industry, it did raise expectations in the industry which have been “left hanging” by the absence of any formal comment or response by the Authority. The review has seen BTPA’s commentary on AECOM which has not been released, and considers that in the interests of transparency and a better shared understanding of the issues a version of the paper (probably in shortened form) should be released.

Is there sufficient clarity about the link between BTP targets and what they cost to deliver?

Among the functions of BTPA set out in the 2003 Act are: setting objectives for the policing of the railway before the beginning of each financial year, publishing a plan setting out the arrangements proposed for policing during the following year, and publishing a plan every three years setting out medium-term and long-term strategies for railway policing.

During 2013 BTPA consulted on proposals for the MTFP period based on a strategy review it had carried out in the course of 2012. Following the consultation BTPA reached decisions both on high-level targets for the BTP over the period to 2018 and the costs of BTP/BTPA which would be projected within the MTFP. This has provided a valuable case study of a recent major exercise in BTPA planning, budgeting and consultation, and has helped the review to draw some conclusions about how the Authority goes about developing financial planning and service specifications in concert.

Prior to the 2012-13 Strategy Review, a set of “strategic themes” influencing priorities for policing of the railway was already in place, these being

- Reduce disruption
- Reduce crime
- Increase passenger confidence
- Deliver value

In the initial phase of consultation BTPA was able to establish that these same four themes continued to be supported by most stakeholders. Work on the strategy then focused particularly on how those high-level objectives could be developed into more specific and measurable aims and targets and (taking account of the “deliver value” objective) what should be done to deliver improved outcomes at acceptable levels of cost.

The result of the Authority’s further work was a consultation document issued on 21 December 2012 which expressed the high-level objectives in terms of more specific targets expressed numerically. For each objective, a group of targets was proposed. Following a review of consultation responses the Authority prepared, approved and published the “2013-19 Strategic Plan” which included the following objectives:

Keep transport systems running

- Reduce minutes lost to police-related disruption by at least 20% on the 2012/13 outturn figure.

A safe and secure railway

- Reduce crime on the railway by at least 20% on the 2012/13 outturn figure.

Promote confidence in use of railway

- Increase passenger confidence with personal security on train and on station by at least 10%.

Deliver value for money

- Achieve the targets above within a Medium Term Financial Plan with annual cost increases within RPI.

Subsequently this package of high-level objectives has become widely referred to simply as “20/20/10”.

BTPA meeting minutes show that In the course of discussions between the Authority and the Chief Constable about 20/20/10, the latter emphasised the need for more resources to be assigned to frontline duties if the proposed service improvements were to be delivered. He brought forward a Force restructuring proposal which would have the twin benefits of delivering a more flexible and responsive service, able to integrate its operation better with those of the train companies, and of using the savings resulting from a reduction in the numbers of senior officers to pay for some 180 additional frontline police to be deployed in pursuit of improved service delivery. Taking account of the restructure, financial pressures expected to arise in the Review period and planned efficiency measures, BTPA concluded that an MTFP in which annual increases were held to RPI could be incorporated in the consultation on the high-level national objectives for improved policing targets. A consultation paper setting this out was issued by the Authority on 21 December 2012 with a request for responses by 18 January 2013.

15 responses were received. Almost all of them welcomed to a greater or lesser extent the areas of priority selected for targeted improvement and the targets themselves. The response from ATOC on behalf of the passenger train operators as a whole was the one most clearly focused on the national picture and on the total annual budgets for BTP, while individual companies were more likely to translate the national objectives into the implications for their own operations. At the time of the consultation negotiations were in progress about the content of PSAs, and least one TOC commented that the national targets would have limited relevance to its franchise unless reflected in specific commitments within its own PSA. The consultation provided an indication of the challenges which are inherent in an exercise spanning a GB-wide service when most stakeholders have a much narrower geographical focus.

This may help to explain why few responses explicitly recognized the link between the 20/20/10 targets and the BTP cost figures set out in the MTFP. Most respondents supported either the proposed targets or something a bit more demanding, and all were very much in favour of an objective for BTP of providing value for money. Some responses suggested that value-for-money would be better reflected by cost reductions rather than budget increases (even if those are limited to RPI) and either suggested or implied that efficiency savings should enable cost reduction notwithstanding the commitment to significantly improved policing outcomes. Across the individual TOC respondents there was very little recognition that the MTFP represented an assessment of the cost of providing the levels of

service proposed, and little apparent interest in options which offered less ambitious outcomes but could be delivered at a lower cost. In fairness, although the consultation document clearly offered a package in which the financial plans were linked to the operational targets, it offered no real exploration of that link or obvious encouragement to regard it as negotiable.

The ATOC response, like those of most of the individual companies who responded, fully supported the four key objectives in principle while taking the view that there was not sufficient information available to enable them to fully comment. By contrast, however, with most other respondents ATOC recognized and addressed the issue of how targets for service delivery are linked to the cost of delivery. Their letter went on to say that “the relationship between inputs and outputs across a range of objectives needs to be better understood so that the industry can have an informed debate with the BTPA about the best value we can get from policing over the next Control Period”. Since the 2012-13 consultation, the lead on policing issues has been largely taken over by the Rail Delivery Group’s Policing and Security Sub-Group (RDGP&S) (although ATOC continues to provide an umbrella for policing and security discussions with a distinctive train-operator flavour). Despite ATOC’s comments in its response letter, neither it nor RDG feel that they have had the opportunity to properly explore the input/output relationships.

The review recognises that this is difficult territory in that relationships between costs and outputs are rarely straightforward to define. The kind of impacts that BTP are seeking to achieve over the medium-term will obviously be influenced by the resources they can devote to reducing crime and managing disruption more effectively. At the most basic level, police officers dealing with non-suspicious fatalities can be expected to bring disruption more quickly to a close if they have sufficient officers in enough places to ensure that they can arrive at incidents speedily. But over time it may be that the biggest impact on minutes lost to disruption will simply be a factor of the numbers of people who choose to use the railway to end their lives. BTP are seeking to influence that number downwards by developing a suicide prevention strategy but the prospects of success from that are hard to predict with any confidence.

Turning to crime levels, the popular perception that a close link exists between police numbers and crime rates has had to be revised as a result of falling crime figures in the wider community in a period when local force budgets have also been falling and numbers of police officers reducing. Trends in crime change, with more police time progressively having to be devoted to cyber-crime. The more “traditional” categories of crime such as assault and property theft still tend to predominate on the railway but numbers of these appear to be on a reducing trend in a period when BTP numbers have remained fairly static. BTP figures indicate that (based on the latest forecast) there will have been a reduction of over 40% in notifiable offences for train operating companies and Network Rail between 2003-04 and 2013-14. If that trend continued, the targeted 20% reduction by 2018-19 might not need extra police resources to deliver it.

Whatever time and effort are devoted to consultation and discussion of these matters, there will always remain scope for debate and differences of view about how BTP’s budget impacts on its capacity to deliver particular outcomes. The industry, through ATOC and more recently the RDG, has raised proper issues for discussion on just this matter. The Authority’s techniques for consultation need to be developed to allow stakeholders to have a better understanding of how, within the planning framework for railway policing, the challenge of setting objectives aligned with the costs of delivering them are worked through and addressed. The industry, for its

part, has to accept that better standards of consultation will require a readiness to respond thoughtfully and not simply to demand more policing at less cost. As part of this, the review believes that the RDG will need to decide how far it is willing and able to provide a clear and collective industry view on high-level issues such as the total cost of BTP and the national targets to be delivered.

Although the main purpose of this part of the report is to assess the relationship between the total cost of BTP and the national targets for it set by BTPA, it is important to note that the concerns of the rail industry focus at least as much on the position at a more local level, and in particular what policing outcomes are delivered to individual operators in return for the charges they have to meet. ATOC made the point in this way in their consultation response: “We propose fewer national targets, and favour more local targets in Area Policing Plans [so as] to support the localism agenda”. This view, which the review understands is shared by the RDG which now leads on these issues, has been influenced by outcome of the 2012-13 round of negotiations about the content of PSAs, in which there are no specific targets or policing outcomes. However, the main point to be made here, and picked up in more detail later in the report, is that enabling individual companies to negotiate for variations from 20/20/10 in their own areas has the potential for moving the national outcome away from the original target. A later section of this report also considers further the concerns of the industry about the content of PSAs.

The main conclusions of this section of the report are as follows:

- Although the review’s ToRs imply dissatisfaction with the BTPA’s stewardship of BTP and its engagement with the industry, many stakeholders consulted by the review have been complimentary about the Authority’s current leadership and the improvement that has resulted in its willingness to act collaboratively and to consult.
- The fostering by BTPA of a good understanding of the relationship between BTP’s costs and the service levels and policing outcomes it delivers is fundamental to maintaining the more positive relationship that is developing between BTP/BTPA and stakeholders. The Authority has made good progress in this but further improvement is possible and desirable. In particular, its approach to consultation should allow stakeholders to have a better understanding of how the challenge of setting objectives aligned with the costs of delivering them are worked through and addressed.
- The railway industry has not always been an easy client for BTP and BTPA to deal with. It has improved its ability to respond thoughtfully and coherently to consultation opportunities, but needs to raise its game further, a requirement which the existence of the Rail Delivery Group should assist.

What expectations should stakeholders have about how Authority members with particular knowledge and experience demonstrate their effectiveness and influence decisions, and are these met?

The composition of the Board is determined in the 2003 Act to the extent of defining the types of knowledge and experience that should be possessed by specified numbers of Authority members. The current membership and the knowledge and experience which each member brings are set out at Annex C.

The clear aim of the Act is to ensure that discussion at, and decisions made by, Authority meetings can benefit from a broad range of relevant, collective knowledge.

Those members with experience of providing railway services are the largest group on the Authority but not so as to form a majority of the membership. The wording of one of the terms of reference for this review offers an indication of the concerns of some industry stakeholders that members with knowledge and experience of providing railway services have not used their position in the way those stakeholders would have expected to achieve outcomes aligned with rail companies' perceived interests.

Such a view may stem from a view that rail industry members of the Authority are, or should be, representing the industry's interests in Board discussions. The way in which the Act defines the basis on which prospective appointees can qualify for membership makes clear that what members bring is relevant knowledge and experience. The concept of independence, which is normally expected to underpin NDPB membership, does not allow for members to be representatives of a body or group with a particular interest but requires that they should offer knowledge and judgment which contribute to good decision-making in the public interest. Evidence offered to the Review by the Authority Chair and a range of present and past members confirms that this is how the Board operates in practice, decisions typically being reached through debate and a search for consensus with few if any decisions needing to be put to a vote.

Some stakeholders told the Review that an element of the industry's disquiet about the performance of members with experience of providing railway services has arisen from the appointment and/or retention of individuals who did not have, or at some point in their Authority service ceased to have, an active role within the industry. The perception is that current knowledge of the railway, and a ready opportunity to take soundings from industry colleagues is a prime requirement for any appointee.

The Committee Chair told the review that although the Act defines critical areas of knowledge and experience it is also of importance to her that appointees include people not just with knowledge but with the skills and experience to contribute effectively to debate and to take on key roles as chairs of the various committees which sit below the main Committee but make critical contributions to the Authority's work. Not only must they have the skills to do that, but sufficient time also. It is her role to undertake appraisals of members annually and to assess effectiveness, feeding back to individuals as necessary. Ultimately she will have an opinion to contribute to decisions on whether individuals should be given an extension to their appointments, should they be seeking them.

The inevitable downside of appointing very senior industry executives to the Authority is that they will find it difficult to fit into their busy schedules the requirement for meeting attendance and the associated necessity of reading committee papers and generally keeping up with Authority business. The review studied statistics of attendance at Full Authority meetings over the period April 2009 to November 2013 and found the overall percentage of possible to actual attendance was quite impressive at 84%. However, members appointed on the basis of their industry experience, and employed within the industry throughout their tenure of membership returned an attendance rating of 72%. This is not to play down the importance of membership of current senior employees of rail operators; indeed the Chair stressed her preference always to have a presence from the two largest funders of the Authority (Network Rail and LUL), but other factors must also play a part in the appointment process.

In practice almost all "industry" appointments are of people who, at the time of appointment, are working within a rail company. Some of these subsequently leave

that employment, perhaps for a role in consultancy (almost certainly based on their expertise in railway matters) or for a role in a different (although usually transport-related) sector. This review has not found justification for requiring membership of those with knowledge of railway services to a current delivery role within the rail sector. However, it did emerge in the course of the review that one former member had been re-appointed to serve a second term after leaving rail industry employment to work as a consultant. Given the rail industry sensitivity on this issue, there does seem to be a case for the Secretary of State to consider in future similar circumstances whether a candidate is available who has more up-to-date experience.

The review concludes that industry members of the Authority are there for their knowledge and experience, not to represent their organizations. There is evidence to suggest that they conduct themselves appropriately in delivering what the Act requires and in contributing to and supporting good decisions, and that the annual performance evaluation by the Chair should ensure that any shortcomings are remedied. There is no clear basis for changing the statutory provisions for appointing Board members and the provisions of the Act defining the requirements for Authority members, along with the recruitment processes used to give effect to them, should be retained. Some comments on those processes were made in the Triennial Review report as part of the commentary on corporate governance but do not impact on the conclusions reached here.

What are the opportunities for stakeholders to influence the Authority's decision-making. Are they adequate and do stakeholders make best use of them?

An earlier section of this report dealing with BTP targets and the link with costs draws extensively on the conduct and outcome of a consultative exercise carried out by the Authority. In the context of that particular consultation, which covered matters of critical significance for the rail industry, the review has been able to draw some conclusions of a more general nature about ways in which the quality of the debate resulting from consultation might be improved. The description of that exercise drew attention to the concerns of some stakeholders about the handling of the consultation and the fact that some of their comments had not been adequately responded to. Nonetheless, through the course of this review stakeholders have been complimentary about the willingness of the Authority, specifically its present leadership, to provide opportunities for a debate to take place about important issues such as future policing targets. They contrast this with the situation a few years ago when most decisions on targets and costs were imposed, with input from the industry largely limited to the contribution made by industry members of the Authority in the discussions leading to the formulation of the proposals and decisions.

In commenting favourably on the greater openness evident in the way BTPA has acted in recent years, interviewees have emphasised the extent to which they believe that this has been the result of a more enlightened approach adopted by the current Chair, backed up by the Chief Executive and his support team. Inevitably, the attachment of so much significance to the influence of individuals in key positions gives rise to concerns that when those people are no longer involved and have been replaced by new appointees the situation might regress to where it was in the Authority's earlier days. While accepting that the Secretary of State and the Department, in making further appointments, could be expected to look for candidates who would show a commitment to maintaining openness and consultativeness, there is a feeling that such an approach should depend on

something more than “getting right” one or two key appointments taking place at intervals of several years.

The statutory provisions governing the duties of the Authority do not concern themselves at a detailed level with how its actions are carried out. It seems likely that the statutory requirements governing the composition of the Authority and the knowledge required by its members were intended to reassure the industry, along with passengers and others, that their views would feature in Authority discussions and decision-making. The Authority publishes a Code of Governance which does address transparency and openness but in brief and not very specific terms. As regards stakeholders the Code states that these expectations are to be met by

- “opening our meetings to the public
- delivery of our statutory duties, including setting performance targets and strategy for the police force and assessing progress
- publishing our meeting papers, minutes and policy information, to provide key information about our activities, how we undertake them and the decisions we make
- consulting with our stakeholders both in writing and through annual workshop sessions.”

The industry has made a plausible case for there to be more clarity than currently exists about the ways in which its views can be sought and taken note of. They look for something in writing, and in the public view, which influences the Authority’s approach. The very general reference to consulting in the section of the Code of Governance quoted above does not offer what they are looking for, and indeed the wording of the second bullet suggests, somewhat confusingly, that the mere “delivery” of the statutory duties in some way demonstrates a commitment to openness and transparency. A published statement could also be used to formalise other facets of BTPA’s openness and transparency, such as its commitment to the production of the MTFP, which as mentioned earlier in this report is not a statutory requirement.

A statement along the lines the industry are seeking would need to have a formal status so as to ensure it was acted on and that any failure to act on it could be effectively challenged. That formality could be provided in various ways. The Secretary of State has power under Section 47 of the 2003 Act to issue a code of practice “relating to the performance by the Authority of any of its functions”. This , however may be more heavy-handed than necessary and give the unfortunate impression that BTPA was having to be coerced into doing something it is almost certainly content to do of its own accord. Alternatives would include expanding what is said about consultation in the Code of Governance, or adding some appropriate text to the Framework Document which is annexed to the Code.

The review concludes that a written commitment to a defined mode of consultation has merit and should lead to action on the part of the Department and the Authority in tandem to work up a draft statement setting out how the commitment to consultation will be delivered and the range of issues which stakeholders could expect to be consulted on. Preferably the statement should also refer to the Authority’s approach to consulting at local level and establishing mechanisms for local co-operation. The review’s conclusions on those issues appear in the next section of the report. The Department should consider how the statement can be given appropriate formal status.

Can BTP integrate its day-to-day planning and operations more effectively with that of the rail companies? Could PSAs be clearer about what companies should expect in return for the charges they pay?

One of the key issues highlighted in the ToRs for this review, and a significant concern of many of the industry stakeholders who contributed to it, was the challenge of getting BTP planning and operations better integrated with similar functions within the rail companies themselves. For ToCs, the objectives and targets of the BTP nationally are of relatively less importance than what they can expect from policing within their specific areas of operation. This may seem something of a conundrum when set alongside the clear preference of the industry for a national force operating across Great Britain, but it is probably unavoidable given the large number of different companies providing train services within the franchise arrangements. One senior industry figure commented that: “Operators need to have a clearer sense of what will be delivered for the money they are paying. A local metrics regime would assist with this. There should be a mechanism for allowing budgets to be discussed at local level so that a company could agree a different balance of resource, ie cheaper people to take on some work where PCs are not essential.”

The preferences of the industry stakeholders are well understood by the BTPA and the BTP. The Authority Chair told the review that the current planning process “works well, but there is room for improvement. Basing plans and targets more on routes or TOC areas would meet their need for a clearer sense of what they are getting for their funding.” The challenge is in how to deliver on this given that the railway cannot simply be split up into a series of geographical areas within which a single conversation can be had with a single operator with its own ring-fenced set of requirements. Indeed the situation is many times more complex, since it is difficult to define an area of rail small enough to preclude the likelihood that at least two, and probably many more, passenger ToCs will be operating services within it, and that is before freight operators are taken into account. Across the country many sets of tracks have two, three or more operators running trains over them, and ownership of those tracks, and of other infrastructure such as signals and level crossings, is held by Network Rail, so in no area at all will there be fewer than two companies with an interest in how the railway is policed.

There is nothing new for the post-privatisation railway in having to grapple with complex sets of relationships brought about by the way in which the industry is constructed. In the wake of the McNulty review, with its strong emphasis on the need for the railway to find more effective ways of working together, renewed efforts have been made to find a more integrated approach at both national and local level. This has provided a framework within which other key players, in this case the BTP, can become part of a collective effort to improve service delivery and to identify ways in which each of the parties can contribute to reductions in crime and disruption.

There is already an encouraging momentum around the spread of such initiatives and their consolidation into normal practice across the network. The Head of Crime and Security at Southeastern explained to the review how the “South of the Thames” routes within the Home Counties had been split into geographical areas and routes for which BTP could provide an operational “fit” that resulted in “co-terminosity”, a desired outcome in which collaborative working can take place between industry managers and police officers accountable for areas with the same boundaries. Within the defined areas (eg Kent Route, Sussex Route, Croydon Tramlink) the ToC(s) and the BTP collaborate at various levels in a hierarchy of tactical and operational planning meetings. At a Strategic level (BTP Area Commander, ToC

Managing Director) this will normally take the form of periodic high-level objective setting and performance reviews, while progressively down the chain liaison would take place more frequently and focused on smaller sub-areas. At the level requiring immediate decisions, daily management meetings would incorporate review of the previous 24 hours and any necessary deployments to counter perceived changes in the nature or level of threats.

Operating in this mode helps BTP to make use of its resources at local level in a way which takes account of up-to-the-minute understanding of rail company intelligence as well as facilitating the co-ordinated deployment of BTP and one or more of the security teams employed by the TOCs themselves. The approach being taken south of the Thames is one of the more advanced examples of improved operational co-operation, although similar initiatives are being taken in other parts of the country. Although the new structure being put in place by the BTP breaks Great Britain down into a lesser number of large areas than the one it replaces, the structure below that level is designed to maximize the opportunities for collaboration using similar approaches to those described above.

There is considerable optimism on the part of the industry that commitments of this kind to closer partnership can be translated into clearer agreements about plans and targets at local levels. As RDG representatives put it in the course of an interview, there is a need to “make it work operationally and take the lessons back into planning and funding”. The review fully supports this approach and believes that in principle BTP and BTPA are also keen to go down this path. There is likely to need to be willingness to compromise on both sides. The industry must accept that BTP is a national force and indeed has their support in remaining so. An organization with national coverage has a responsibility to maintain a strategic view across its whole sphere of operation and could come to regret local commitments which go too far in constraining freedom to redeploy resources across area boundaries if circumstances change.

Equally, however, the Force and the Authority must recognise the negative impression conveyed by agreements that require the rail companies to make payments for policing, while offering in return only very generalised commitments to the “efficient and effective policing” in line with national plans. As one stakeholder put it “Making PSAs more like a contract should not be that difficult – coming up with something more commercial would be BTPA’s quickest route to improving relationships”. The review accepts that the Authority must take due care to avoid making legal commitments which fetter the ultimate discretion of the Chief Constable and his officers to reassess local resource allocations or to use judgment to handle incidents where choices have to be made which may affect different operators in different ways. The scope for meeting industry dissatisfaction at least to some extent, must, however, be actively explored, for example by providing an explicit commitment to continuing dialogue with companies, to collaborative working at an operational level and to regular consultation on local priorities for feeding into annual planning.

Does the oversight of by the Authority of BTP's budgets, costs and plans adequately reflect the views and needs of rail passengers?

What of passengers in all this? The terms of reference for this review do not refer to them explicitly but, it seems right to provide balance to the review by assessing whether the concerns raised by the ToRs, reflecting rail industry views, are ones which passengers could be expected to share.

Security on trains and at stations is naturally among the issues of interest and concern to passengers and their views on that subject are among those collected in the regular survey of passengers carried out by Passenger Focus. That organization is (like BTPA) an NDPB sponsored by DfT and represents the views of train and bus passengers in Great Britain. It is not “pro-rail” or “pro-bus” but specializes in surveying passenger views according to high professional standards and seeking to ensure that train companies, the government and other interested parties are aware of key issues and concerns which the surveys reveal.

Personal security is not among the issues of highest concern to rail passengers, falling some way below the importance they attach to such matters as ticket cost, punctuality and cleanliness. The level of confidence expressed by passengers in recent surveys about their personal security when traveling by train has increased in recent years. Passenger Focus believe that a number of factors may contribute to this finding, including improved station design and lighting, more CCTV and higher passenger numbers meaning that passengers are less likely to feel lonely and isolated. Policing has a part to play and initiatives to make BTP officers more visible after 8pm have been welcome. There is no complacency about this and the rail companies accept that fear of crime remains an issue for some travelers.

BTP costs are part of the overall cost of providing railway services and some element of that cost will be reflected in ticket prices; even if it is a small component of the total fare passengers will want it to be kept as low as possible commensurate with policing which offers them a high degree of confidence about their personal safety and security. There may be a presumption that the policies and actions of train operators will have a strong focus on passenger needs and expectations as their income and profitability are dependent on retaining existing users and attracting new ones. However, the experience derived from the Police Committee, BTPA’s forerunner referred to earlier in this report, provides evidence that resources for railway policing are at risk of being squeezed too much when that policing is subject to oversight by a body dominated by industry representatives, .

The presence on the Authority of members representing passenger interests is intended to ensure that, where industry views and those of passengers diverge, the latter will not be at risk of being overlooked. As set out in another section of this report, the review believes that the composition of the Authority has helped it to achieve a well-balanced approach. Although the ToRs for this review focus on questions about the performance of railway industry members of the Authority, a view put forward by more than one contributor was that finding candidates able to represent passenger interests and do so confidently in the presence of rail industry “heavy hitters” can if anything be more of a challenge.

One point of possible concern from the passenger perspective arises from the move towards a more bottom-up approach to target-setting, as strongly supported by RDG and the rail companies generally, in which companies can seek local variations from national priorities. In the context of 20/20/10, if (illustratively) the impact of those local discussions was that in most areas there was pressure to increase the focus on dealing with disruption at the expense of seeking reductions in crime, the balance nationally across the three targets could change substantially.

While the industry might feel that additional local involvement would produce the “right” outcome, passengers might feel less comfortable. Of course passengers become frustrated by delays created by police-attended incidents so additional improvements to the processes for dealing with disruptions would no doubt be met

with some approval. But whether that would be so if it emerged that as a consequence the target for reducing crime had significantly reduced seems more doubtful. In taking on board industry preferences for targets and outcomes, this is something for the Authority to keep a close eye on.

While the industry, especially Passenger TOCs can be expected to have a good appreciation of the needs and priorities of their customers, it cannot be assumed that passenger and industry interests will always be fully aligned. While the review has focused on matters which reflect the concerns of rail companies, it will remain important for the Authority to ensure that passenger views are taken as fully as possible into account when planning and resource decisions are taken.

ANNEX A

Terms of Reference for Part 2 of the Review

The Review is to examine:

- The ability of funders to influence the focus and costs of policing, including the composition of the Authority, and specifically the effectiveness of those with knowledge and experience in relation to the interests of persons providing railway services, working with the other members with knowledge and experience of other interests, in discharging their responsibilities as defined in the Act.
- The degree to which clear links are demonstrated between financial inputs and operational outcomes, and how customers' service priorities are built into BTPA's strategic planning processes.
- Incentives for controlling costs and driving efficiencies – are they sufficient? Is there further scope within the Act to achieve these?
- The nature and costs of the policing service, and the scope for integrating the policing planning process with that of individual railway service providers, so their priorities are built into policing plans and where appropriate enhanced police service agreements.
- The scope for optimising the balance of resource between policing and security functions, and where those services may be sourced, including the use of private security, to maximise the effective tasking and use of all resources that contribute to railway safety and security.
- BTP's performance and measures to secure cost efficiencies compared with those of territorial police forces, the benchmarking of BTP's support functions and supervisory ratios, and the further contribution BTP can make to delivering savings and value for money in the rail sector, identified in the Command Paper.
- The powers of the BTP, in particular any areas of difference with the territorial police forces which restrict the BTP's operational effectiveness and efficiency.

The Review will take account of the evolving policing landscape, and the impacts of possible future constitutional reform.

ANNEX B

Membership of the BTPA Triennial Review Challenge Group

Kayleigh Chapman	Cabinet Office
Charles Horton	Managing Director, Southeastern
John Kirkland	Non-Executive Director, Department for Transport
Paul Plummer	Group Strategy Director, Network Rail
Anthony Smith	Chief Executive, Passenger Focus
Ian Woodman (Chair)	Director, Maritime, Department for Transport

Secretariat

Mike Biskup	DfT (Rail Sponsorship and Stakeholders)
Steve Marshall-Camm	DfT (Rail Sponsorship and Stakeholders)

ANNEX C

Membership of BTPA

The members of the Authority at the time of the review and the knowledge and expertise for which they had been appointed, were:

Millie Banerjee	Chair
Brian Phillpott	Deputy Chair and Policing
Lew Adams	Rail staff
Dominic Booth	Industry
Patrick Butcher	Industry
Catherine Crawford	Passenger and England
Elizabeth France	Passenger
Len Jackson	Passenger
Bill Matthews,	Passenger and Scotland
Mark Phillips	Industry
Andrew Pollins	Industry
Stella Thomas	Passenger and Wales
Anton Valk,	Industry
Jeroen Weimar	Industry (resigned during the course of the review)