



REPORT TO: British Transport Police Authority

DATE: 30 September 2008

SUBJECT: Finance Position – Summary Report

SPONSOR: Chief Constable

AUTHOR: Director of Finance and Corporate Services

1. PURPOSE OF REPORT

1.1 This report informs the Authority of significant developments within the Finance Department during the last few months.

2. SUMMARY

2.1 Later paragraphs in the report review the following activities within the Department:

- Completion of 2007-08 accounts
- Internal audit reports
- Budget monitoring and reporting 2008-09
- Medium Term Financial Plan (MTFP) 2009-10 to 2011-12
- The Department's Efficiency Review and Challenge Panel
- System upgrades.

3. COMPLETION OF 2007-08 ACCOUNTS

3.1 Following approval of the draft Statement of Accounts for 2007-08 by the Audit and Corporate Governance (A&CG) Committee (A&CG on 2 July 2008) the completed Statement was laid before Parliament on 16 July 2008 – within the target set.

3.2 The Accounts received an unqualified opinion from the National Audit Office.



4. INTERNAL AUDIT REPORTS

- 4.1 Regular reports on internal audit reports have been presented to A&CG after review by British Transport Police's (BTP) Chief Officers' Group (COG). The internal audit programme is on target to complete all the agreed audits by the end of the financial year.
- 4.2 All the outstanding matters from previous years' reports have been substantially completed – only a few minor matters remain to be resolved and these will be dealt with over the next few months.
- 4.3 The current contract with Pricewaterhouse Coopers (PwC) expires in March 2009 and the procurement process is underway to re-tender the internal audit service with the final decision on award of the contract being made by A&CG in December.

5. BUDGET MONITORING AND REPORTING 2008-09

- 5.1 The revenue budget is being monitored on a period by period basis at budget holder level and budget holders present their position at Finance Reviews held just after the end of each period. These reviews give the opportunity for senior officers to question budget holders on the position for the period, the year to date and their forecast outturn for the year.
- 5.2 The capital programme is subject to a similar level of scrutiny on a scheme by scheme basis and project owners are challenged about how their project is progressing and the likely spend in the year.
- 5.3 Summarised reports are provided to BTP's COG and / or Programme Board to ensure that senior management sees the overall position on the revenue budget and capital programme.
- 5.4 One of the developments in the 2008-09 year is the production of a suite of monitoring reports for the Strategy, Budget and Performance Monitoring (SB&PM) Committee. The first of these reports was presented at the Committee meeting on 15 September. Over the coming months, the reports will be enhanced and improved to meet members' needs.



5.5 The revenue budget position reported at the end of Period 5 (15 August 2008) showed that, year to date against profiled budget there was an underspend of just under £0.9m – with the forecast outturn for the year being at just over £0.8m. Discussions are ongoing to determine how this underspend should be dealt with – particularly in light of the projected deficit in future years (see paragraph 6.2 below).

5.6 The capital programme is on target to spend according to forecast by the end of the year – although spend to date is behind profile. There is just over £0.3m (out of a total programme of £11m) to be allocated and Programme Board are reviewing priorities to ensure that the grant available is, as far as possible, fully spent.

6. MEDIUM TERM FINANCIAL PLAN 2009-10 TO 2011-12:

6.1 The preparation of the MTFP has been completed and, after detailed review by COG was presented to the SB&PM Committee on 15 September.

6.2 The report set out the detailed assumptions made and indicated that, if Police Service Agreement (PSA) income from the Train Operating Companies (TOCs) was increased by the Retail Price Index (RPI) as measured in August each year (i.e. in accordance with the agreement reached with the TOCs for PSA increases over the current and next two years), then the projected deficits for the next three years are as follows:

| | <u>£'000</u> |
|---------|--------------|
| 2009-10 | 2,274 |
| 2010-11 | 5,450 |
| 2011-12 | 2,620 |

6.3 The main emphasis of the Plan from an operational point of the view is to increase the number of Neighbourhood Policing Teams (NPTs) at three per year in accordance with commitments made in the Strategic Plan.



- 6.4 Other issues included for future years are the increase of custody facilities, better use of the estate and making the best use of technology, including mobile data and the work associated with MoPI, IMPACT, the PND etc.
- 6.5 There are a number of technical accounting matters (such as the required move to International Financial Reporting Standards [IFRS]) covered as well as the need to provide for pay awards and other inflationary pressures.
- 6.6 As part of the development of the detailed budget for 2009-10, ways will be found to reduce the deficit for next year to an acceptable level. This will include applying cashable efficiency gains, generating additional income or the curtailment of some development plans.
- 6.7 The capital programme indicates that this can be accommodated within the approved DfT grant available (of £33 over the period) – but the programme put forward only includes for those projects that are deemed to be of the highest priority and affordable within that grant level. The demands for additional resources – particularly as far as the estate is concerned – are pressing and further capital resources could be profitably used in making the working environment for police officers and police staff more fit for purpose.

7. THE DEPARTMENT'S EFFICIENCY REVIEW AND CHALLENGE PANEL:

- 7.1 "Underpinning the Strategic Plan 2008-11 – An Efficiency Review of BTP's Finance Function" was prepared in January of this year and formed the basis of the Department's presentation to the Challenge Panel on 1 September.
- 7.2 Most of the objectives set out in the January review have been either completed or well on the way to being achieved. Still outstanding for the Department are the review of the Department (see paragraph 9 below) and making full use of the functionality of the accounting system which has just been upgraded (see paragraph 8 below). These matters should be completed in time to generate savings (most of which are likely to be non-cashable) in 2009-10.
- 7.3 Significant savings will accrue from the development of interfaces with other systems to ensure that all BTP's "people" databases are synchronised with each other and double keying is



avoided in such matters as overtime input to the payroll system. Much of the savings here will accrue to the Areas and their timing will depend on the progress of the project working on these matters.

- 7.4 Cashable savings totalling £416,000 have been identified – of which £250,000 has already been realised, £140,000 will be realised from January 2009 and the balance during the course of the next financial year. These are ongoing savings and represent just over 20% of the Department's budget.
- 7.5 Further savings are being explored alongside the *Frontlinefirst* team and these will be reported to the Authority in due course as appropriate.

8. SYSTEM UPGRADES

- 8.1 The main accounting system (known as e-fin) was upgraded in July and the process was completed a week ahead of schedule and thanks are due to the staff in both the Department and IT who worked diligently to ensure a successful outcome.
- 8.2 Increased functionality in a number of modules (such as accounts receivable and payable and the fixed asset register) as well as better reporting procedures and the ability to upload and download files from various formats will make for more effective and efficient working.
- 8.3 Alongside this upgrade the opportunity was taken to review the account code structure and this will make the completion of and reporting on the statutory accounts more straightforward.
- 8.4 Further training was provided to users as required – including some refresher training on the e-procurement module.
- 8.5 The implementation of a new payroll system was completed in April 2008 and this will allow the development of interfaces with other systems as appropriate (see paragraph 7.3 above) as well as enabling the payroll team to provide an effective payroll service which meets BTP's needs as well as all the regulatory obligations



9. RECOMMENDATION

- 9.1 It is recommended that the progress on the matters outlined in this report is noted.