

**Report to:** Police Authority  
**Agenda item:** 6  
**Date:** 9 December 2009  
**Subject:** Budget Setting  
**Sponsor:** Chief Executive  
**For:** Decision

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## 1. Purpose of Paper

- 1.1 To provide advice and information on the process for setting the Authority's Budget for 2010/11

## 2. Background

2.1 Under the Railways & Transport Safety Act 2003, the Police Authority is required to establish a fund to be known as the British Transport Police Fund. One of the statutory duties of the Authority is to defray the expenses of the Police Force, which must be met from the Police Fund. The Authority must, before each financial year, set a budget of the expected expenditure and income for the year. The rules governing the setting of a budget include:

- the Authority must consult the Treasurer and the Chief Constable;
- The budget must be set by decision taken:
  - by a majority vote at a meeting of the Authority;
  - with at least half of the members of the Authority voting in favour; and
  - with at least half of the members who vote being neither officers nor employed by a person who has

entered into, or is required to enter into, a Policing Services Agreement

### **3. Budget Preparation**

- 3.1 The Authority needs to set a budget of expected expenditure and income for the year 2010/11. Normally the Authority's budget decision is not taken until March just before the start of the financial year to which it relates. This year to give the Force more time to prepare to implement the changes necessary to achieve the budget, the decision has been brought forward by three months. This will also assist the PSA holders.
- 3.2 Consideration was first given to the budgetary and operational challenges the Authority faced at its special meeting on 22 July 2009. Subsequently further reports were made to the Strategy, Budget & Performance Monitoring (SB&PM) Committee on 22 October and 11 November 2009.
- 3.3 The Committee agreed for planning purposes that the budget for 2010/11 should be prepared within a ceiling of a 1.3% uplift in the PSA allocation. The Committee also agreed a planning target of 0% in the PSA allocation for 2011/12. The next report on this Agenda contains the Chief Constable's proposals in response to these planning guidelines.
- 3.4 The Chief Constable's proposals cover all BTP's operations with the exception of the budget for 'L' Area. This is normally presented separately to the Authority but discussions with TfL have not been completed and this budget will be reported to the Authority at a later meeting.

## **4. Charge to PSA Holders**

- 4.1 Once the expenditure budget has been set, the Authority then needs to collect income from PSA holders, for payment into the Police fund. The review work undertaken in response to the Judicial Review decision in addition to a thorough review of costs and charges to the PSA holders, has included a thorough review of all the Authority's finances.
- 4.2 The Chief Constable's paper proposes changes to the capital financing arrangements within the Authority's budget and these, if agreed, would have implications for the decision on the increase to be applied to PSA Holders for 2010/11. The proposals are currently under discussion with the DfT and the NAO and a full report will be made to the next meeting of the Authority at which time it will be able to determine the charges to PSA holders for 2010/11.

## **5. Consultation on the Budget**

- 5.1 Representations were made by ATOC, Passenger Focus and the Department for Transport at the July Authority meeting. The Authority Chairman and Chief Constable also attended and presented on the budget to the ATOC Board in October 2009. There was a further meeting with ATOC on 18 November, regarding preliminary thinking for budgets in 2010/11 and 2011/12. Following this the Chair wrote to all PSA holders on 24 November on a range of matters, including possible budget arrangements for 2010/11 and 2011/12.
- 5.2 Following earlier discussions representations have been received from ATOC expressing disappointment at the indicated increase in PSA charge of 1.3%. Discussions are continuing.

## **6. The Authority's own budget for 2010/11**

- 6.1 The Authority also needs to set a budget for its own affairs and the costs associated with the staffing and operations of its Secretariat. Detailed work is underway on this and a draft budget for the Authority will be reported to the January meeting. The proposals cannot be finalised at this stage because they need to be informed by the outcomes of the Strategic Review the Authority is conducting, but the planning assumption is that the Authority's own operational budget will be held within the 1.3% ceiling set for the force.

## **7. Capital Programme**

- 7.1 The Capital programme will be submitted to the SB&PM in the New Year and will be reported to the Authority at its March meeting.

## **8. 2010/11 budget setting - draft recommendations**

- 8.1 If the Authority is minded to agree the budget planning guidelines set by the SB&PM Committee and the Force's budget proposals in response, then a full set of recommendations to be taken under item 7 would be as below:

8.1.1. that the Authority agrees a 1.3 % increase in the PSA allocation as the basis for the revenue budget in 2010/11 with no further increase planned for 2011/11

8.1.2. that an expenditure budget for BTP for 2010 /11 be set at £202,176,000

8.1.3. that the charge to PSA holders for 2010/11 be set at the Authority's next meeting after discussions have been completed with the DfT .