

**Report to:** Police Authority  
**Agenda item:** 6  
**Date:** 11 March 2010  
**Subject:** BTPA Financial Position as at P12  
**Sponsor:** Chief Executive  
**Author:** Lucy Barrick  
**For:** Decision

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## 1. Purpose of paper

- 1.1 This paper details the financial position at period 12 and a revised forecast for the year.

## 2. The Current Position

- 2.1 The current forecast is for an overspend of £662k on a budget of £1.9m. This has increased from £608k when last reported in January. The increase is largely the result of higher than previously expected legal costs.
- 2.2 There has been considerable movement from the original budget but the overspend can be accounted for by the additional costs incurred as a result of the Judicial Review Project. A summary of the forecast outturn and actual spend at period 12 is presented at Appendix A with detailed comments, but the headlines are below.
- 2.3 The major overspends against budget are in the following areas:
  - Legal fees £111k overspent, previously forecast as a £51.5k overspend.
  - JR Project Consultancy Costs forecast at £379k overspend.
  - Secretariat Staffing £272k overspend. This is accounted for by the Interim Chief Executive and JR Project Direction costs.
  - External audit £20k overspend

The above overspends have been offset to some degree by underspends in the following areas:

- Travel and hotels costs underspend £53k
- Stakeholder consultation underspend £29k

- Subscriptions and publications underspend £32k
- HMIC Inspections underspend £35k

The overspends all relate to activity in response to legal challenge as a result of the new charging model. With the exception of legal costs, which have been budgeted for at a higher level in 2010/11, the consultancy and increased staff costs are not expected to continue into the new financial year.

### **3. Legal Costs**

The Authority also incurred legal costs which were awarded against it following the Judicial Review. These amounted to £581.5k. These costs have not been included in the reported overspend as they are covered by the loan agreement with the DfT.

### **4. Risks and Opportunities**

The forecast outturn has been calculated to, as far as possible, include all known risks and therefore should not increase beyond £662k. In the event that the Northern and Merseyrail hearing for leave to go to Judicial Review should not go ahead on 17 March, there is the opportunity to save approximately £23.5k on legal costs.

### **5. Recommendations**

- 5.1 That Members note the forecast position.

## 5.2 Appendix A – Financial Position at P12 and Full Year Forecast

	<b>Gross Budget 2009/10</b>	<b>Actual Spend at P12</b>	<b>Full Year Forecast 2009/10</b>	<b>Better/worse than budget</b>	<b>Comments on any significant movements from the previous forecast outturn</b>
	£'000	£'000	£'000	£'000	
<b>Staff costs inc. expenses</b>					
Staff	567.1	737.8	839.5	-272.4	This overspend has increased by £22.6k. The main contributor to this increase is overtime costs for the Treasurer and some smaller movements elsewhere within the staffing budget. The total overspend is a result of the costs of the Interim Chief Executive and JR Project Direction.
Members	257.1	240.3	263.7	-5.9k	This has moved from showing a £22.3k overspend. This is the result member fees coming in as less than anticipated following vacancies in the year.
<b>Total staff costs</b>	<b>825.1</b>	<b>978.1</b>	<b>1,103.3</b>	<b>-278.3k</b>	The overspend in staff costs has increased by £6.2k in total.
<b>Non staff costs</b>					
Travel and Hotel costs	60.7	6.4	7.5	53.2	No significant movement (previously 52.2k)
Premises and Office Costs	121.7	119.7	124.5	-2.8	No significant movement (previously -1.5k)
Telephones	5.2	6.2	6.2	-1.0	No significant movement (previously shown to come in on budget)
Consultants & Consultation					
<i>Independent Custody     Visiting</i>	26.4	10.2	21.0	5.4	No significant movement (previously 4.4k)
<i>General Consultancy</i>	84.6	388.8	463.4	-378.8	This has reduced by £17.9k following a re-negotiation of PA Consulting fees due to the longevity of the project
<i>Stakeholder Consultation</i>	29.0	0.0	0.0	29.0	No movement
Total Consultants and Consultation	139.9	399.0	484.4	-344.4	An overall reduction of £18.9k following the reduction in the PA Consulting charge.
Legal Fees	284.7	311.3	395.9	-111.2	Increased by £59.7k. Legal costs have been very difficult to anticipate and due to a number of FOI requests from ATW to our solicitors this forecast has significantly increased. A hearing to determine whether Northern and Merseyrail will be given leave to go to Judicial Review is scheduled for 17 <sup>th</sup> March and if this does not go ahead this could result in the forecast spend decreasing by approx £23.5k.
Police Appeals	28.0	5.2	8.9	19.1	No movement
Subscriptions and Publications	85.3	48.1	53.1	32.1	No significant movement (previously 32.0k)
Supplies & Services					
<i>General (inc. conferences,     catering, vending machines)</i>	11.1	10.1	14.3	-3.2	No significant movement (previously -3.3k)
<i>HMIC Inspections</i>	82.0	0.00	47.0	35.0	No movement
<i>External Audit</i>	120.0	140.0	140.0	-20.0	No movement
<i>Internal Audit</i>	90.4	55.6	90.4	0	No movement
Total Supplies and Services	303.5	205.7	291.7	11.8	No significant movement (previously 11.7k)
Postage, Printing & Stationery	18.1	14.9	19.4	-1.3	No significant movement (previously -1.6k)
Recruitment	46.5	75.4	85.4	-38.9	Higher than anticipated advertising costs for chief executive recruitment
<b>Total non staff costs</b>	<b>1,093.5</b>	<b>1,191.9</b>	<b>1,477.0</b>	<b>-383.4</b>	This overspend in non-staff costs has increased by £48.9k the main contributor to this is the increase in legal costs.
<b>GRAND TOTAL</b>	<b>1,918.5</b>	<b>2,170.0</b>	<b>2,580.3</b>	<b>-661.7</b>	In total the forecast outturn has increased by £55k