

Report to: Police Authority
Agenda item: 8
Date: 11 March 2010
Subject: Financial Reporting Arrangements 2010/11
Sponsor: Director of Finance and Corporate Services &
Treasurer
Author: Treasurer
For: Discussion and Approval

The Forum
5th Floor North
74-80 Camden Street
London NW1 0EG

T: 020 7383 0259
F: 020 7383 2655

www.btpa.police.uk

1. Purpose of paper

The Police Authority asked for clarification and improvements in the financial reporting arrangements to be introduced from the start of the 2010/11 financial year. This report sets out, for the Authority's agreement, proposals in response to that requirement.

2. Background

They have been developed in concert with both the new governance arrangements for income management and the broader proposals on the overall conduct of the Authority's business through an annual business cycle which are reported elsewhere on this Agenda.

The proposals relate to the reporting during the course of a financial year of :

- a) expenditure against the current budget
- b) income from PSA holders and
- c) expenditure and commitments in relation to the capital programme.

3. Dates for Reporting

Day to day management of budgets and income is under the direct control of designated staff throughout BTP and BTPA. The Chief Constable and the Director of Finance and Corporate Services, in relation to the Force, and the Chief Executive and the Treasurer, in relation to the Authority, have established arrangements in place to keep performance under review on a four weekly basis.

In this context and to reflect the Authority's strategic responsibilities it is proposed that formal reports will be submitted to the Authority on a quarterly basis. If during the course of a year material variances from budget become apparent then it is proposed that on a by –exception basis more frequent reports on the items affected will be made to Members. Authority meeting dates are being coordinated with financial reporting periods to facilitate this proposal.

4. Contents of Reports

In practice it is likely that the following information will be incorporated in a single 'Financial Performance Report' in the joint names of the Director for Finance and Corporate Services and the Treasurer. For the purposes of this paper the elements of that report have been described separately.

Revenue Budget.

The revenue budget will be profiled across 13 periods and each quarter the report will show expenditure for the quarter, year to date in comparison to the profiled budget and a year end forecast. Material variances will be explained in the narrative accompanying the report.

The BTP / BTPA functional analysis of expenditure will be as follows:

Area Costs

- London North
- London South
- North East
- North West
- Wales and Western
- Scotland

FHQ Departments

- Deputy Chief Constable
- ACC (Protective Services)
- ACC (Territorial Operations)
- ACC (Operations)
- Director of Human Resources
- Director of Finance and Corporate Services

British Transport Police Authority

The subjective analysis of expenditure will include

Staff Costs to be analysed as follows:

- Police officers – staff costs
- Police officers – overtime
- PCSO staff costs (inc overtime as minor)
- Police Staff – staff costs (inc overtime as minor)

Other costs to be analysed as follows:

- Premises and office costs
- Communications / Computers
- Transport Costs
- Supplies and Services
- Capital Charges

Staff numbers will be categorised as Police Officers, PCSOs and Police Staff. A separate statement incorporating these details will be given in the report. The formalisation of this is being investigated with the HR department.

Income

The same report will also include the following income analysis:

- Grants
- EPSAs
- Other Income

Enhanced PSA's

As set out above, each quarter the statement will identify the income from enhanced PSA's. The costs relating to the EPSAs will be consolidated with the core activities. It is proposed that an annual statement of EPSA activity is presented to the Authority for review.

London Underground ('L Area')

The same report will also include a separate statement of expenditure against budget for London Underground area in the same way as it is reported under the subjective analysis above. This funding comes directly from TfL.

Virements on Revenue Items

Any material virements (over £500k) between both subjective and functional headings will be highlighted to the Authority.

Capital Programme

Progress against the Capital Programme will also be included in the quarterly report.

Debtors and core PSA income

Each quarter the Treasurer will submit a report on Income from the core PSAs . A summary of the Authority's debtor position on core PSAs will be included each quarter.

Cash Position /Loan / Grant

An updated cash position for BTP/ BTPA will be presented each quarter explaining major movements. As the Judicial review funding from the DfT is so material, the quarter end position for both the Loan and Grant will be included each quarter and major movements will be explained.

5. Impact on the proposed Budget Group

If the proposals on the future management of the Authority's business are agreed then it is assumed that a Budget Group will be established. That Group would have responsibility for in-year budget monitoring. Incorporated in the detailed planning for these new arrangements is the assumption that the finance reports will be produced in time to enable the Budget Group to consider them before they go on to the Authority.

In this way, and typically through an oral report, the Chair of the Budget Group will then be able to lead the Authority's discussion on the Reports supported as now, by the Director of Finance and Corporate Services and the Treasurer.

6. Implementation

The Director of Finance and Corporate Services and the Treasurer have started to put in place detailed arrangements to support these proposals and where appropriate as part of the new governance arrangements SLAs or similar agreements will be formalised to ensure that responsibilities are clear.

7. Recommendation

The Authority is invited to agree the arrangements for financial reporting as set out in this report to come into effect from the start of the 2010/11 financial year