

BRITISH TRANSPORT POLICE AUTHORITY

Report to: Strategy, Budget and Performance Monitoring Committee
Date: 6th February 2009
Subject: BTPA Budget 2009/10
Sponsor: Chief Executive and Clerk
Author: Business Support Manager
For: Discussion

1. INTRODUCTION

- 1.1 This paper sets out the year to date actuals and the 2008/09 forecast for the Authority. The draft 2009/10 budget for BTPA is also included for approval. Members are asked to note the forecast (as at Period 10) and comment on the proposed 2009/10 budget. The budget has been revised downwards by 1% to reflect the comments at the Police Authority.

2. 2008/9 – YEAR TO DATE SPEND AS AT P10 AND FULL YEAR FORECAST

- 2.1 The end of period 10 totals £1,066k which represents an underspend of £102k. The analysis of spend is shown below.

	<u>Cumulative to Period 10 2008/09 Actual</u> £'000	<u>Cumulative to Period 10 2008/09 Budget</u> £'000	<u>Variance</u> £'000
<u>Staff and members costs</u>			
Salaries and expenses	350	347	(3)
Members salaries and expenses	201	241	40
Total staff costs (ex travel and transport)	551	588	37
<u>Non staff costs</u>			
Premises and Office Costs	79	99	20
Travel and Transport costs	18	24	6
Legal costs	115	104	(11)
Consultants	81	126	45
Other costs (inc internal audit)	222	227	5
Total non staff costs	515	580	65
TOTAL BTPA COSTS	1,066	1,168	102

It is expected that this underspend will reverse by the year end and the budget of £1,866k will be fully spent. The explanation of why this underspend will reverse is detailed below:

- Specialist contractor hours required for the preparation for the Judicial Review (£10k).
- The Judicial Review hearing is due to take place in February and the counsel and solicitor costs for these days and the preceding preparation is expected to be high. However we will be in a better position to assess the final costs this year once the JR is completed on 16 February.
- We have also budgeted £20k to spent on Matrix regarding any changes to the charging model that may emerge, at this point we are expecting to spend this by the year end.
- There are further chief officer recruitment costs that will be required before the end of the financial year.
- The project to redevelop the website to increase its functionality and improve its content, navigation and appearance has been brought forward (£32k).
- The NAO bill due for 2008/9, will £10k higher than budgeted because of the restatement of the balance sheet under IFRS.

3. 2009/10 BUDGET

- 3.1 The draft budget had been prepared in line with the BTP RPI budget increase of 4.8%. In light of discussions at the Authority in January, a reduction of 1% has been made to bring the total BTPA costs to £1,936.5k. The resulting budget is shown in Appendix A. A reconciliation of the major movements between the 2008/09 budget and 2009/10 budget is also detailed below:

Summary Reconciliation

	<u>Staff Costs</u> £'000	<u>Non Staff</u> <u>Costs</u> £'000	<u>Total</u> £'000
Budget 2008/09	833	1,033	1,866
Reclassify Travel & Hotels	(51)	51	-
Restated Budget 2008/09	782	1,084	1,866
Inflation at 3%	24	33	57
Full year effect of staff vacancies / mix of staff	39		39
Net effect of two members not charging and vacancy gaps during 2008/09	(26)		(26)
Additional training	5		5
Additional travel and hotel costs – members		8	8
Additional legal costs re JR		8	8
Savings on Internal Audit contact		(75)	(75)
One off recruitment costs of Chief Constable		51	51
Other	4	-	4
BUDGET 2009/10	828	1,109	1,937
<i>Percentage Increase</i>	<i>5.9%</i>	<i>2.3%</i>	<i>3.8%</i>

As can be seen, the two major movements relate to savings on the new internal audit contract, which results in a saving of £75k and the one-off costs to be incurred in the recruitment of the new Chief Constable.

The VAT reduction has resulted in a benefit of £13k for 2009/10.

4. RISKS AND OPPORTUNITIES

4.1 Charges Review Disputes

The key risk in terms of the budget is the disputes arising from the Charges Review. It is impossible to predict how much this will cost in terms of legal fees and consultancy. Although the judicial review will be heard in 2008/9 there may be an appeal whichever side is successful. The arbitration with Arriva Trains Wales is also incurring costs.

If the BTPA is successful in the Judicial Review there is potential to recover the costs, which thus far have reached £83k. Conversely, should BTPA lose the Judicial Review it may be ruled that BTPA cover the other parties' costs.

Members are requested to note that this poses an as yet un-quantified risk to the 2009/10 budget.

5. RECOMMENDATIONS

- 5.1 Members are asked to:
 - 5.1.1 Note the forecast position for 2008/9
 - 5.1.2 Note the risks recorded
 - 5.1.3 Agree on the 2009/10 budget presented