



**REPORT TO:** British Transport Police Authority

**DATE:** 13 May 2010

**SUBJECT:** Revenue Budget and Capital Programme 2009/10  
Preliminary Outturn Report

**SPONSOR:** Chief Constable

**AUTHOR:** Director of Finance and Corporate Services

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## **1. PURPOSE OF REPORT**

- 1.1 This report provides the preliminary outturn on both the revenue budget and the capital programme for 2009/10. The formal Statement of Accounts for the year is being prepared and will be presented to the Audit and Corporate Governance (A&CG) Committee at its meeting on 29 June 2010 and to The British Transport Police Authority (BTPA) Committee on 8 July. There may be some relatively minor adjustments to the figures presented in this report as a result of finalising the Statement of Accounts but these will not be material and will not affect the recommendations being made in this report.
- 1.2 Appendices A and B set out the position on the revenue budget for British Transport Police (BTP) only (there is a separate report on this meeting's agenda which covers the BTPA's net expenditure) and show the preliminary outturn position to be an underspend of £424,000 (0.21%). This compares with a forecast underspend of £478,000 declared in the report to the BTPA (11 March 2010) on the period 11 position.
- 1.3 Appendix C sets out the position on the capital programme and indicates an overall spend on Department for Transport (DfT) supported schemes as £13.88m against a forecast outturn of £14.08m. Those schemes funded from grants or contributions from other than DfT show an underspend of £1.18m but in the case of all these schemes, the funding will be carried forward to future years to match expenditure incurred.



## **2. REVENUE BUDGET**

2.1 The preliminary outturn indicates an underspend of £424,000 (or 0.21% of approved net expenditure) and this compares with a forecast outturn of £478,000 at the time period 11 was reported to the BTPA (11 March 2010).

2.2 As reported to the BTPA on 11 March, there are some specific matters for which expenditure will be required in 2010/11 for which provision can be made in the 2009/10 accounts. In addition, there are a significant number of claims against BTP (including employment tribunal and irrecoverable elements of potential insurance claims) which have been lodged but where the amount actually to be paid has not yet been determined. It is normal practice to provide for such claims in the accounts (some of which can take many years to resolve). Members will also recall the decision to put savings from the police staff pay provision into the central reserve. The amounts so provided are:

	<u>£'000</u>
Formal inquiries (7/7 and Potters Bar)	563
Claims etc (£680,000 in 2008/09)	1,667
Addition to Contingency Reserve	400
	<b>2,630</b>

2.3 It is proposed (see paragraph 4.4 below) that both the £400,000 already approved and the net underspend of £424,000 be added to the Contingency Reserve.



### **Analysis by FHQ and Areas**

- 2.4 Appendix A sets out the outturn position compared with approved budget by Departments and Areas and the following paragraphs provide brief explanations for the variances shown.
- 2.5 The Deputy Chief Constable's budget shows a small underspend of £41,000 (0.2%) and this is mainly due to an underspend in Technology (£47,000 or 0.4%, see also paragraph 2.16).
- 2.6 As reported in the Period 11 budget report there were some savings in staff costs within the Crime budget as vacancies were being held to prepare for the savings required in 2010/11. Those savings have been used to bring forward some important initiatives including preparation for the 7/7 inquest and cable theft operations and to bring forward the purchase of essential operational equipment to ease the pressure on a very tight budget in 2010/11. The net result is an overspend of £108,000 (0.7%).
- 2.7 The Operations budget shows an overspend of £72,000 (0.4%) and this is due to additional support to Areas for operational initiatives towards the end of the year and the bringing forward of the purchase of essential operational equipment such as public order equipment and CBRN equipment.
- 2.8 The variance relating to the HR budget has been reported to the BTPA over a number of months. The major reason is unfilled vacancies within HR (£333,000) and the review of Learning and Development and the Student Officer Programme (£367,000).
- 2.9 The Finance and Corporate Services budget contains the amounts shown in paragraph 2.2 above as well as those for the normal activities within the Department. There were savings within the Fleet budget (£390,000 or 14.6%) as a result of fuel costs not being as high as provided for and some savings in maintenance costs. The Estates and Finance outturns were very close to budget.



- 2.10 London North shows an overspend of £138,000 (0.6%) and this is due to additional overtime on operational matters and the provision in the actual for a calculated value of TOIL (time off in lieu) as required under IFRS and not previously included, which other Areas have contained within their budget.
- 2.11 London South shows an underspend of £172,000 (0.7%) and this is mainly due to money set aside for capital improvements to the estate which were Area based initiatives that funding was not initially available in the approved Capital Programme. In the event, funding became available from within the capital programme (see paragraph 3 below).
- 2.12 The outturn on the other Areas is very close to budget.

### **Subjective Analysis**

- 2.13 Appendix B sets out the outturn position by expenditure / income classification. As already agreed, budget monitoring reports for 2010/11 will provide a more detailed analysis of staff costs and link these with establishment numbers.
- 2.14 The elements which caused the overspend of £2.1m (1.2%) in staff costs are police overtime at £1.5m and temporary and/or agency staff (£1.3m) offset by savings in police staff costs (£0.7m). Police overtime covers Police Officer vacancies and the cost of additional operational policing (for which income is received where appropriate). Temporary police staff are brought in to cover essential duties where Police Staff posts are vacant.
- 2.15 Premises costs show an overspend of £332,000 (2.3%) which is mainly due to rent reviews, service charges on leased premises and additional costs on newly occupied facilities.
- 2.16 Communications and computers show a small overspend of £72,000 (0.7%) and this is largely as a result of additional costs associated with the virus incident earlier in the year.



- 2.17 As reported previously, transport costs are overspent due by 7.4% to essential operational travel and subsistence costing more than provided for in the budget.
- 2.18 Supplies and Services covers a very wide range of goods and services and this is the line which included the provisions detailed in paragraph 2.2 above. Apart from this amount (£2.2m excluding the contribution to reserves) there would have been an underspend (£277,000) on this budget.
- 2.19 The small movement in capital charges reflects impact of the outturn on capital spend in the year (see paragraph 3 below).
- 2.20 Grants are close to the approved budget and the small amount of grant not received has meant that the associated expenditure has not been incurred.
- 2.21 As previously reported, income is ahead of the expected amount for a number of reasons, the main one being that amounts received in respect of overheads etc. from London Underground Limited were higher than provided for in the budget because the final amount was not agreed until late in the year.

### **London Underground**

- 2.22 The preliminary position on the London Underground Area net expenditure is set out in the table below – as with the other figures in this report, these could change marginally when the formal Statements of Accounts (for both BTP and LUL) are completed. These figures are not included in appendices A & B.



<b>Revenue Budget 2009/10 - London Underground (L Area)</b>				
	<b>Full Year</b>			
	<b>Approved Budget</b>	<b>Preliminary Outturn</b>	<b>Variance</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>%</b>
Staff Costs	47,673	46,861	812	1.70
Other costs	3,964	4,336	(372)	(9.38)
<b>Gross Expenditure:</b>	<b>51,637</b>	<b>51,197</b>	<b>440</b>	<b>0.85</b>

**3. CAPITAL PROGRAMME:**

- 3.1 Appendix C sets out the preliminary outturn on the capital programme and shows expenditure on schemes supported by the DfT to be in excess of the £13.0m grant originally expected but less than the £14.2m indicated by the DfT towards the end of the year.
- 3.2 A revised capital programme for 2010/11 to reflect any carry overs of commitments from 2009/10 will be brought to the BTPA alongside the Quarter 1 monitoring report due to report to the late July meeting.
- 3.3 On the schemes funded from other sources the most significant variance is that relating to the CCTV hub being funded largely from Network Rail for which contracts have only just been signed. As with all the other schemes the funding will be carried forward to cover expenditure when it is incurred.

**4. RESERVES:**

- 4.1 A comprehensive report on reserves will be brought to the BTPA once the accounts for 2009/10 have been completed and definitive amounts for balances at 31 March 2009 known. There are also detailed discussions still to be had with the National Audit Office (NAO) and the DfT about the treatment of the capital financing reserve (balance at 1 April 2009 at £46.4m)



and how that should be used in future years. Until those discussions are completed it is not possible to provide a full picture on the reserves available.

- 4.2 There are some reserves that are for accounting and control reasons (such as those relating to amortising grants, revaluation of assets and the FRS17 pensions) and are not available for expenditure. There is also a reserve set aside specifically to deal with the outcome of the judicial review and this will be written down as grants from the DfT to cover any deficits and irrecoverable amounts. The working capital reserve represents the initial funding by DfT when the BTPA was set up and is not available for use without the DfT's approval.
- 4.3 The Distributable Reserve takes any balance on the Revenue Account once all other provisions etc have been made and it is proposed that the overspend on the BTPA's own budget is met from that reserve.
- 4.4 The Contingency Reserve was set up to cover any very significant calls on BTP to deal with major incidents for which budget was not available. The balance on this reserve is £1.4m and this is considered inadequate for the purpose. NAO and the DfT have agreed that, ideally, the balance should be in the order of £3m. It is proposed, therefore, that the £400,000 contribution in respect of the police staff pay award and the net underspend on BTP's budget of £424,000 – a total of £824,000 – be added to this reserve, bringing its balance to £2.22m.

## **5. STATEMENT OF ACCOUNTS 2009/10:**

- 5.1 The formal Statement of Accounts will be brought to the A&CG Committee on 29 June. The NAO start its work on 5 May and it is expected that a draft Statement will be available by the end of May for review by the Chief Executive and Treasurer. This will include updated disclosure notes – particularly those relating to the Judicial Review – and an agreed Statement of Internal Control.
- 5.2 Once the A&CG Committee has reviewed that Statement, it will be presented to the BTPA for formal approval on 8 July and will be laid before Parliament shortly thereafter.



5.3 At this stage of the process, targets are being met and there is no reason to expect the severe delays that were experienced with the 2008/09 accounts.

**6. RECOMMENDATION:**

6.1 It is recommended that:

- the preliminary outturn for 2009/10 for the revenue budget and the capital programme be noted;
- the contributions to reserves in respect of the £400,000 unrequired provision for the police staff pay award and the net underspend on BTP's budget of £424,000 be added to the Contingency Reserve;
- the overspend on the BTPA's budget as a result of the Judicial Review be charged to the Distributable Reserve element of the General Reserve.





**Appendix A (excluding LU)**

Revenue Budget 2009/10 - Analysis by Budget Holder	Position as at 28 April				Report Paragraph
	Approved Budget	Actual	Variance		
	£'000	£'000	£'000	%	
<b>FHQ Departments:</b>					
Deputy Chief Constable	17,793	17,752	41	0.23	2.5
ACC (Crime)	16,518	16,626	(108)	(0.65)	2.6
ACC (Operations)	19,035	19,107	(72)	(0.38)	2.7
ACC (London and the Olympics)	777	767	10	1.29	
Director of Human Resources	15,284	14,614	670	4.38	2.8
Director of Finance and Corporate Services	22,357	22,490	(133)	(0.59)	2.9
<b>Total FHQ:</b>	<b>91,764</b>	<b>91,356</b>	<b>408</b>	<b>0.44</b>	
<b>Areas:</b>					
London North	23,230	23,368	(138)	(0.59)	2.10
London South	26,492	26,320	172	0.65	2.11
North East	14,681	14,692	(11)	(0.07)	2.12
North West	16,389	16,363	26	0.16	2.12
Wales and Western	16,341	16,326	15	0.09	2.12
Scotland	12,284	12,332	(48)	(0.39)	2.12
	<b>109,417</b>	<b>109,401</b>	<b>16</b>	<b>0.01</b>	
<b>Total Force:</b>	<b>201,181</b>	<b>200,757</b>	<b>424</b>	<b>0.21</b>	



**Appendix B (Excluding LU)**

Revenue Budget 2009/10 - Analysis by Expenditure / Income Type	Position as at 28 April				Report Paragraph
	Approved Budget	Actual	Variance		
	£'000	£'000	£'000	%	
<b>Expenditure:</b>					
Staff costs	166,697	168,761	(2,064)	(1.24)	2.14
Premises	14,394	14,726	(332)	(2.31)	2.15
Communications and Computers	10,243	10,315	(72)	(0.70)	2.16
Transport (includes travel and subsistence)	4,425	4,752	(327)	(7.39)	2.17
Supplies and Services	16,740	14,787	1,953	11.67	2.18
Capital charges etc.	12,031	11,964	67	0.56	2.19
Contribution to Reserves	400	400			2.2
<b>Total expenditure:</b>	<b>224,930</b>	<b>225,705</b>	<b>(775)</b>	<b>(0.34)</b>	
<b>Income:</b>					
Grants	(2,592)	(2,654)	62	(2.39)	2.20
Other income	(21,157)	(22,294)	1,137	(5.37)	2.21
<b>Total income:</b>	<b>(23,749)</b>	<b>(24,948)</b>	<b>1,199</b>	<b>(5.05)</b>	
<b>Total Net Expenditure:</b>	<b>201,181</b>	<b>200,757</b>	<b>424</b>	<b>0.21</b>	



**Appendix C**

<b>Capital Programme 2009/10 - Preliminary Outturn</b>					
	Updated Approved Programme	Actual Spend	Variance		Report Paragraph
	£'000	£'000	£'000	%	
<b>Department for Transport Funded:</b>					
Estates	6,643	6,401	242	3.64	
Information Technology	4,441	4,416	25	0.56	
Vehicles	2,300	2,320	(20)	(0.87)	
Other	1,891	1,923	(32)	(1.69)	
Central Street Landlord's Contribution	(1,200)	(1,185)	(15)	1.25	
<b>Total DfT Funded:</b>	<b>14,075</b>	<b>13,875</b>	<b>200</b>	<b>1.42</b>	
<b>Funded from Other Sources:</b>					
Olympics (DfT Separately Funded)	1,080	497	583	53.98	
CCTV Hub (Network Rail)	600	0	600	100.00	3.3
Airwave - Severn Tunnel (Network Rail)	260	259	1	0.38	
Other	237	238	(1)	(0.42)	
<b>Total Other Funding:</b>	<b>2,177</b>	<b>994</b>	<b>1,183</b>	<b>54.34</b>	
<b>Total Programme:</b>	<b>16,252</b>	<b>14,869</b>	<b>1,383</b>	<b>8.51</b>	