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Report to: Police Authority

Date: 15 December 2011

Agenda Item: 8

Subject: Finance Group – Budget

Sponsor: Chair Finance Group

Author: Authority Finance Director

For: Approval

1. Purpose of paper

To provide an overview of the main business done at, and the actions arising from, the budget 2012/13 meeting of the Authority's Finance Group, which took place on 5 December 2011.

2. Background

The Authority's Finance group was established to carry out detailed scrutiny and finance oversight activities in support of the work of the full Authority. This report summarises the key issues emerging from the 2012/13 budget meeting.

3. Standing items

3.1 BTP PROPOSED BUDGET (see Agenda Item 8 Appendix A):

The Group received the summary budget for the Overground. The detailed paper is attached. The financial risks were discussed and it was noted that there was currently a £3.3m gap between the standstill budget proposed and the current savings achieved. The negotiations with the DfT around the funding by Grant in Aid of the Operation bench costs were integral to these discussions. If the funding for Operation bench could be secured, the current forecast 2011/12 overspend of £0.7m would become a £0.8m underspend and together with the £2.5m of the 2011/12 PSA smoothing reserve no longer required because of additional costs efficiencies found in 2011/12, the gap could be closed. Subsequent to this meeting, this funding was confirmed after a rigorous review with the Authority FD and BTP Head of Finance. The £1.6m will be paid as grant in aid in January 2012. The consequence of any future reductions in headcount were discussed and it was agreed that the Chairs of the

Strategy group, Finance Group, the Performance and Policing Plan group should meet to discuss how the Authority is to understand the direct impact of any such potential changes.

The proposed headline changes in the budget were discussed and, subject to the funding of operation bench the budget proposal was agreed to be set at a standstill. The detailed budget sheets would be reviewed in March noted that the Capital Budget and the L Area budget for 2012/13 would be presented for approval in January and March respectively.

3.2 **BTPA PROPOSED BUDGET (see Agenda Item 8 Appendix B)**

The detailed budget for BTPA was presented. The total budget proposal was in line with the budget for 2011/12 and it was noted that the major risk was around legal fees, which had been set at £0.19m. If the PSA and charges which are being consulted on over the next few months, do not meet with the PSA approval, there is a risk of legal challenge, although any such challenge is more likely to arise in 2013/14.

4. Other reports received

4.1 **Business Cycle – future meetings**

As requested at the previous Finance group, the future agenda items were discussed as a basis of the work to be performed by **the Group in 2012.**

5. Recommendations

Members are asked to note progress made and invited to discuss and agree the Budget proposals for the net BTP Overground budget for 2012/13 and the detailed BTPA budget for 2012/13.