BTPA British Transport Police Authority

Report to:	Finance Group
Agenda item:	4
Date:	22 May 2012
Subject:	End of year report 2011/12
Sponsor:	Authority Finance Director
For:	Discussion and Noting

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1. Purpose of paper

1.1 This paper details the financial position for 2011/12 and compares the actual results to both budget and the forecast as presented at quarter 3. It also presents information on the core PSA debtors as at the end of the financial year.

2. BTPA Financial Position - year end 2011/12

2.1 At the end of year against a budget of £1,870k, the Authority has incurred expenditure of £1.664k, an under spend of £206k, before any transfer to contingency. The detailed analysis of spend is detailed in appendix A.

2.2 In summary the major variances year to date are set out below:

	£000
Budget 2011/12	1,870
Underspend on staff salaries	(35)
Underspend on member salaries	(87)
Overspend on recruitment	13
Underspend on legal fees	(103)
Underspend on subscriptions	(24)
Overspend on internal audit	72
Other net under spends	(42)
Actual spend	1,664
Transfer to Contingency Reserve	200
2011/12 Actual	1,864

2.3 Staff and Member costs are under spent by £122k in the full year. The Executive is now fully recruited with no staff vacancies from1 January 2012. Two more members were recruited in early 2012/13.

2.4 Member salaries are under spent by £87k. This has been caused by the vacancy since June of the Deputy Chair and other vacant positions because of slower than expected recruitment by the DfT. The Executive has now taken over the recruitment process for members. All members are now charging the Authority for the fees due. At the moment we have 13 members and we have a budget for 14 members charging fees in 2012/13.

2.5 Non staff costs are under spent by £61k for 2011/12.

2.6 The major overspend that has emerged in the final quarter is the additional work undertaken by our internal auditors. The annual audit plan budget is for 185 core days and 40 additional contingency days to be charged to BTP. After discussion with the Head of Finance, we have agreed that all Tribal costs will be charged to the Authority and nothing will be committed outside of the annual Audit plan unless specifically agreed by the Authority Finance Director. The additional charges are for the investigative work commissioned by the Audit Committee and the Director of Corporate Finance on the WAN, the issues around unauthorised pensions, re-employment and pension reconciliations. This has led to an overspend against original budget of £66k.

2.7 The savings in premise and office costs arose because of negotiating a reduced rent increase on the forum yielding savings of £8k.

2.8 Legal fees have not been incurred to the same level as previous years, with £97k being charged in 2011/12, principally for PSA related matters, advice around employment of SCT and advice from Burges Salmon on unauthorised pensions.

2.9 Consultancy spend is marginally below budget with expenses being incurred with Punter Southall and P Solve on pensions advice on investments, governance and the unauthorised pension issue. We have also incurred costs to run the charging model which are in line with the budget.

3. BTPA Financial Forecast 2011/12 comparison to actual

3.1 Members should note that we have been able to transfer an additional £200k to the Contingency reserve held by the

Authority bringing the total balance to £3,285k. At the end of quarter 3, the finance group recommended to the Authority that at least £150k of the forecast underspend be transferred to the Contingency reserve. As a result of strong cost control, this transfer has been increased by £50k in the last quarter of the year.

3.2 The main movements to the forecast reported at quarter 3 are set out below.

	£000
Budget	1,870
Staff costs – vacancy gap for part of year	(65)
Member costs	(61)
Reduced PSA legal costs offset by additional employment advice	(70)
Additional HMIC activity	23
Additional Consultancy costs	8
Additional Internal Audit Work	6
ICV savings – renegotiated rates	(10)
Further recruitment costs	16
Other	3
Previous Forecast (Q3)	**1,720**
Underspend on legal fees	(33)
Underspend on Publications	(24)
Underspend on consultancy	(16)
Underspend on HMIC	(18)
Overspend on Internal Audit	66
Other net under spends	(31)
2011/12 Underlying spend	**1,664**
Transfer to Contingency	200
2011/12 Spend after transfer to Contingency reserve	**1,864**

4. Core PSA Debtors position at 2011/12 Year End

4.1 Appendix B summarises the core PSA debtors.

4.2 As at 31 March 2012 there is a total outstanding debt of £11,775k. 93% of the debt is current. The main items over 60 days is Freightliner (£129.8k), which is in line with our agreement reached with them at the time of the JR negotiations. All the old debt with London Underground has now been paid.

4.3 Of the debt outstanding at the end of the financial year, £11,663k (99% of debt) was cleared by 15 May 2012.

5. Recommendations

5.1 Members are recommended to note the final year end spend and the core PSA debtor position.