



Report to: Finance Group
Agenda item: 4
Date: 19 March 2013
Subject: BTP Budget 2013/14 – Revenue Budget Overground Final Allocation
Sponsor: Interim Director of Corporate Resources
For: Information

1. PURPOSE OF PAPER

- 1.1 This report presents the final budget allocation for 2103/14 for BTP Overground Operations, a separate paper elsewhere on the agenda covers the final budget allocation for L Area Underground Operations. The budget allocation is based on the budget and PSA Funding that was approved by the BTPA on the 13 December 2012.
- 1.2 Since the budget was approved by the BTPA on the 13 December the Chief Constable has initiated a Budget Challenge review to ensure the maximum amount of resource is available to the frontline. This paper provided an update on the results of that review and also includes the Chief Constable's Budget Delegation and Responsibilities Letter which was issued to all budget holders on the 20 February 2013. This letter set out the final Areas and Departments Budget Allocations and the budget and procurement rules to be followed in 2013/14.

2. BACKGROUND

- 2.1 The approved net budget for BTP for 2012/13 is £252.181m. This is made up of £200.307m for over ground operations and £51.874m for operations on London Underground.
- 2.2 The approved budget for BTP allows for the use of £3.338m from savings previously achieved in order to meet the funding gap which arises from the PSA being lower than the Budget Requirement. After allowing for the use of these savings the resulting



2012/13 PSA for BTP was set at £196.969m, a standstill on the 2011/12 amount which in itself was a reduction of 2.5% on the 2010/11 PSA.

2.3 The combined BTP/BTPA PSA Charge for 2012/13 is £198.839m including £1.870m for the BTPA.

2.4 At the Full BTPA Authority meeting on the 13 December 2012 the BTPA approved a net budget requirement for the BTPA and BTP combined of £203.962m which after the application of £1.6m of previously found savings results in a combined PSA for the BTPA and BTP of £202.362m a below RPI increase of 1.8% over the current PSA. Table 1 below shows the calculation of the Net Budget and PSA for 2013/14 and over the medium term based on current assumptions which are set out at Appendix A.

Table 1 – BTP/BTPA Budget Requirement and Proposed PSA

	2012/13	2013/14	2014/15	2015/16	2016/17
	£m	£m	£m	£m	£m
BTP Net Budget Requirement	200.307	202.092	205.609	212.679	219.113
BTPA Net Budget Requirement	1.870	1.870	1.919	1.984	2.043
Total BTP/BTPA Budget Requirement	202.177	203.962	207.528	214.663	221.156
Release of previously found savings	3.338	1.600	0.000	0.000	0.000
BTP PSA	196.969	200.492	205.609	212.679	219.113
BTPA PSA	1.870	1.870	1.919	1.984	2.043
BTPA PSA for BTP and BTPA	198.839	202.362	207.528	214.663	221.156
Increase in PSA over previous year	0.0%	1.8%	2.6%	3.4%	3.0%

Source: BTPA 13 December 2012

2.5 At the time the budget and PSA was approved by the BTPA there was a small funding gap of £190k that the Chief Constable gave an undertaking would be resolved prior to the final budget being set. That funding gap has been resolved by reducing the budget provision for depreciation by a further £118k, by reducing the budget provision for the uplift in London Location allowance by £61k and by increasing receipts from Pension Plus by £11k.



3. CHIEF CONSTABLE'S BUDGET CHALLENGE

3.1 In order to ensure the maximum amount of resource is focused on the frontline the Chief Constable instigated a Budget Challenge review prior to final budget allocations being made to Areas and Departments. The four strands to this review were:

1. A review of Force Headquarters budgets
2. A review of Force wide Travel and Hotel budgets
3. A review of the provision for non-pay inflation
4. A review of pay budgets

3.2 The review of Headquarters budgets identified scope to reduce budgets in a number of areas. Budgets for conference attendance and consultancy have been substantially reduced, this together with reductions in Corporate Resources, Central Operations and Territorial Policing and Crime budgets has resulted in £450k of budget being made available to be deployed to the frontline.

3.3 BTP's national operational footprint has resulted in the Force incurring a significant amount of expenditure on travel and hotel costs. The Force Executive Board have initiated a number of control measures to reduce this expenditure, on the basis of these measures the Travel and Hotel budget has been reduced by 10%.

3.4 The Force Executive Board has also agreed a more challenging way to manage inflationary pressure locally. In future budget holders will be required to absorb budget increase resulting from inflationary pressure by identifying local efficiency savings. On this basis provision will only be made for contractually committed price increases in large corporate contracts, this reduces the amount required to be held centrally for non-pay inflation to £800k allowing £450k to be released to be deployed to the frontline.

3.5 The Force has also aligned pay budgets to more accurately reflect anticipated staffing levels during the year. This has eliminated the need for budget holders to maintain a vacancy gap in their budget allowing the budget on the frontline to be increased. Pay budgets are now set on the basis of the Budgeted Workforce Target in each period, this



approach combined with proactive workforce planning will ensure the maximum number of staff can be afforded from BTP's pay budgets.

- 3.6 The overall result of the Chief Constable's Budget Challenge review has been to increase the number of police officers that can be permanently deployed on the frontline by 30. This enables the officers that were temporally deployed to London South and Scotland during 2012/13 to be made permanent. It has also enabled the number of officer permanently deployed on Wales and West and North East to be increased by 5 each.
- 3.7 Funding the London South and Scotland officers on a permanent basis will allow the reserve that would have been used to fund these officers in 2013/14 to be released. The Force Executive Board in discussion with the Chief Executive have determined to use this reserve to contribute to the cost of maintaining operations to reduce metal theft following the reduction of central government funding for this purpose.

4. DETAILED BUDGET

- 4.1 The BTPA asked to be presented with the detailed budget load prior to the start of the financial year. The detailed budget load is presented at Appendix B. The budget for 2013/14 has been fully loaded onto the Forces financial system and checks have been made to ensure that each Areas and Departments budget is accurate and robust.

5. BUDGETED WORKFORCE TARGET

- 5.1 In order to ensure the maximum number of Police Officers and PCSOs that can be afforded from BTP's pay budgets the Force has moved to setting and managing budgets on the basis of a budgeted workforce target for each period. Each Area and Department has set a budget which accurately reflects the estimated number of Police Officers and PCSOs that will be in post throughout the year. As noted above this combined with a more proactive approach to workforce planning will ensure that any underspend resulting from a 'vacancy gap' will be minimised and the Force's Police Officer and PCSO budget can better match the numbers employed in each period.



- 5.2 For Police Staff it is considered appropriate for budgets to reflect a small vacancy gap (i.e. 2%) reflecting the likelihood that the churn in Police Staff would result in an underspend if the budget was set at a 100% staffing level.
- 5.3 The results of this exercise will ensure that budgets and staffing levels will be better aligned and pay budgets will fund the optimum level of employees. Table 2 below shows the combined Budgeted Workforce Target for all Areas and Departments for each period during 2013/14 and for each category of staff. The average number of Police Officers that will be in post during 2013/14 is 2,878 and the maximum number will be 2,903, this compares to an average number in post during 2012/13 of 2,824.

Table 2 – Budgeted Workforce Targets for each period and category of staff

Police Officers (budget doesn't include a vacancy factor)

	Period 1	Period 2	Period 3	Period 4	Period 5	Period 6	Period 7	Period 8	Period 9	Period 10	Period 11	Period 12	Period 13	Total
Annualised BWT	2,878	2,878	2,878	2,878	2,878	2,878	2,878	2,878	2,878	2,878	2,878	2,878	2,878	2,878
Period BWT	2,824	2,825	2,841	2,880	2,894	2,890	2,898	2,903	2,897	2,890	2,897	2,892	2,886	2,878

PCSOs (budget doesn't include a vacancy factor)

	Period 1	Period 2	Period 3	Period 4	Period 5	Period 6	Period 7	Period 8	Period 9	Period 10	Period 11	Period 12	Period 13	Total
Annualised BWT	370	370	370	370	370	370	370	370	370	370	370	370	370	370
Period BWT	376	373	368	376	372	381	371	369	368	366	365	363	362	370

Police Staff (budget includes a vacancy factor of 2%)

	Period 1	Period 2	Period 3	Period 4	Period 5	Period 6	Period 7	Period 8	Period 9	Period 10	Period 11	Period 12	Period 13	Total
Annualised BWT	1,440	1,434	1,433	1,433	1,433	1,434	1,435	1,435	1,435	1,435	1,435	1,435	1,435	1,435
Period BWT	1,364	1,362	1,389	1,404	1,408	1,412	1,413	1,418	1,421	1,423	1,426	1,426	1,426	1,407



6. CHIEF CONSTABLE'S BUDGET DELEGATION AND RESPONSIBILITIES LETTER

- 6.1 The Chief Constable issued his Budget Delegation and Responsibilities Letter on the 20 February. This letter is a key part of the Force's Corporate Governance Framework as it sets out in detail the financial rules which must be followed by all budget holders. Copies of the Delegation Letter will be made available at the Finance Group.

7. LONDON UNDERGROUND AREA BUDGET

- 7.1 The net budget for L Area for 2013/14 is set at £52.698m and the charge for centrally organised services provided to L Area was set at £10.445m. A paper setting out the detail of the L Area budget is elsewhere on the Finance Group agenda.

8. CAPITAL PROGRAMME

- 8.1 Capital Planning for 2013/14 and over the following three years has been prepared under the remit of the Service Improvement Board to ensure robust business cases are developed and approved in accordance with the requirements of the BTPA Corporate Governance Code and Chief Constable's Delegation and Budget Responsibilities Letter. The Capital Programme was approved by the Authority in January 2013.

9. CONCLUSIONS

- 9.1 Members are asked to note the contents of the paper and the final allocation of the 2013/14 over ground budget.



Appendix A

KEY MEDIUM TERM FINANCIAL PLANNING (MTFP) ASSUMPTIONS

1. The key assumptions and risks underpinning the MTFP are set out below:

Pay and Inflation

2. The MTFP assumes that the two year pay freeze will continue until 2013/14, at that point it is projected that pay costs will rise in line with the amounts set out in the Autumn 2011 Budget Statement i.e. 1% per annum in 2013/14 and 2014/15. The impact on pay budgets in 2013/14 is a part year effect since the pay award for Police Officers is with effect from 1 September and from 1 July for Police Staff.
3. As Members will recall following the introduction of the EPS pay arrangements, Police Staff who achieve their PDR objectives are entitled to a salary point increase of 3% each year until they reach the top of their pay scale. For 2012/13 the cost of this pay progression at £950k can be met within budget, however in future years slower than expected staff turnover means that the scheme does not become self funded through staff turnover as quickly as was anticipated. This gives rise to a budget pressure of £700k in 2013/14, £550k in 2014/15 and £400k in 2015/16.
4. The Police Staff pay strategy for 2012/13 includes an increase in London Weighting Allowance (which has been held at its current level since 2008) as a means of helping to ensure that salaries do not become increasingly uncompetitive. Increasing the London Weighting Allowance by 10% a year is reflected in the MTFP at a cost of approximately £200k per annum. The Appointments and Remuneration Sub-Committee at its meeting in July 2012 approved this increase in London Weighting Allowance.
5. Since the MTFP assumptions were last presented to the Strategy Group a new budget pressure has emerged as a result of the unsocial hours provisions of the Winsor Review of Police Officer and Staff Remuneration and Conditions. The full year impact of these additional costs is in the order of £700k per year. There is no provision within the current MTFP for these costs and provision will need to be made in the refreshed MTFP.



Non-pay Inflation

6. The current MTFP assumptions on the impact of non-pay inflation as set out to the Strategy Group by the Chief Executive are shown in table 4 below. The 2013/14 RPI assumption has been updated to reflect the latest forecast for RPI as published by HM Treasury (Forecast for the UK Economy a comparison of independent forecast – October 2012):

Table 1 – Non-pay inflation assumptions in the current BTP MTFP

	2012/13 %	2013/14 %	2014/15 %	2015/16 %
RPI Range	2.6 - 5.7	1.3 - 4.0	1.9 - 4.0	2.7 - 4.5
RPI based assumption in 2012/13 MTFP	4.0	2.9	3.0	3.5
Proposed RPI based assumption for 2013/14 MTFP		2.5	3.0	3.5
Calculated Inflator	2.9	1.8	1.4	1.3

Source: Paragraph 6 – MTFP for Financial Years 2012/13 to 2015/16 – Strategy Group 19 April 2012

7. The decision on which non pay inflation assumption to use is largely based on the Authority and Force’s appetite for risk in that the RPI based assumption is less risky than the calculated inflator assumption which makes a number of specific assumptions about inflation impacts on categories of spend. It is proposed to use the revised RPI assumption for 2013/14 of 2.5% rising to 3% in 2014/15 and to 3.5% thereafter.
8. As mentioned above the Force Executive Board has also agreed a more challenging way for inflationary pressure to be managed locally. In future budget holders will be required to absorb budget increase resulting from inflationary pressure by identifying local efficiency savings. On this basis provision will only be made for contractually committed price increases in large corporate contracts, this reduces the amount required to be held centrally for non-pay inflation to £800k allowing £450k to be released to be deployed to the frontline.



Budget Increases Included in the Refreshed MTFP

- 9 There are a number of emerging budget pressures in addition to the impact of the Winsor pay reforms as mentioned above which have been addressed as part of next year's budget and the MTFP. The full list of budget increases including the newly emerging budget pressures are:
- 10 **Airwave Usage Costs** – As is the case for a large number of police forces BTP is subject to escalating costs of using the Airwave radio system. The use of the Airwave network is proactively managed within BTP to ensure that costs are minimised, however each year, as for every other force, the usage costs charged by the Airwave supplier continues to increase. The MTFP includes a further £200k in 2013/14 to meet this budget pressure. A further increase is projected for 2014/15 at which point the budget will be held for future years.
- 11 **Rent Reviews** – BTP negotiates any proposed increases in rent very robustly however this is an area of budget volatility and pressure. The MTFP includes £50k to meet known rent increases in 2013/14, the main properties this relates to are Birmingham and Callaghan Square.
- 12 **CCTV Maintenance** – As Members will be aware there been significant investment funded by Network Rail into BTP's CCTV capacity and capability. This investment which totals over £14m to date, with more being proposed, has enabled the building of a technical CCTV Hub which improves BTP's ability to manage and process CCTV, and respond to live events and incidents, from 14 train operators. To ensure the systems remain operational at all times, maintenance cover is required to ensure all hardware and software is supported. Proactive and reactive maintenance is required, together with additional support for major events e.g. New Year's Eve. Previously interim maintenance support was provided and this proved invaluable to BTP for the Jubilee, Notting Hill Carnival, Olympics and Paralympics. The estimated cost of this maintenance is £500k per annum which when considered against the significant capital investment which has been funded externally represents good value.



- 13 **Leadership Academy** – Members will be aware of the proposals to strengthen BTP's Leadership Strategy, Learning and Development have developed proposals to establish a Leadership Academy at an annual extra cost of £141k. T/ACC Newton has identified further savings through the review of the Human Resources and Learning and Development Departments to offset the additional cost of this initiative.
- 14 **Social Media** – this is an increasingly significant way in which BTP does business. Force Executive Board has approved £120k of spending on Social Media in 2012/13 and £100k has been added to the base budget from 2013/14. This amount which is provided for project and development costs does not include any provision for business as usual operating costs such as contact handling and may need to be reconsidered and potentially increased following detailed consideration of the business case for increasing social media capacity. The refreshed MTFP includes £100k to support the impact of Social Media.
- 15 **NPIA successor bodies increase in charge** – While it is extremely difficult to estimate the likely cost of additional charges falling on BTP following the winding up of the NPIA. A conservative estimate of a 15% increase in charge form NPIA successor bodies has been included in the MTFP this amounts to £150k per annum.

Possible Budget Increases Not Included in the Refreshed MTFP

- 16 There are a number of issues which may result in a budget pressure over the medium term but there is significant uncertainty over whether they will lead to a budget pressure and at what level of cost. It is considered prudent not to make provision in the MTFP for these pressures at this time but should they materialise it may be necessary to call on the Contingency Reserve should it not be possible to contain the budget pressure in year. These issues are:



- 17 **Additional Police Pension Employers Contribution** - The current MTFP includes an amount of £5m per year indexed to inflation to address the deficit in respect of the British Transport Police Force Superannuation Fund (for Police Officers) which Members will recall stood at £32m at the time of the last valuation. It is possible that following a further valuation of the Fund as at 31 December 2012 (indications are that the deficit may be in the order of £110m) that this level of contribution will need to be increased. However, no increase has been assumed as part of BTPs MTFP planning assumptions and should an increase in employer's contribution be required from 2014/15, perhaps as part of a package of changes to the contributions, membership and benefits structure of the BTPFSF, it will be necessary to revise upwards the proposed PSA position by an appropriate amount.
- 18 **Potential Costs of Pensions Auto Enrolment** - Members will be aware that like all employers BTP will in the future need to provide an Automatic Pensions Enrolment facility for all staff. The details of how this facility will be provided are yet to be defined and again there is no assumption in the current MTFP for any additional costs of this provision. The preliminary assessment of the liability for additional employer's contributions in respect of 376 employees who are not current active members of the BTPFSF or BTP Police Section of the Railways Pension Scheme range between £0.5m and £2m pa from 1 May 2013. A range of options on how this funding gap can be addressed have been developed and were subject to initial consideration by the Authority's Pension Sub-Committee on 13 November 2012. In the event that Pensions Auto Enrolment has a financial impact in 2013/14 it will be necessary to call upon the Contingency Reserve until such time that this can be built into budgets going forward.
- 19 **Withdrawal of Metal Theft Tasking Funding** – the MTFP makes no provision to fund the additional activity which was funded by the £5m of Metal Theft Tasking funding in 2011/12 and 2012/13. Should BTPA/BTP wish to continue with some of this activity into 2013/14 additional budget provision would need to be made.



Appendix B

2013/14 Detailed Budget Load

	Original Budget 2012/13 £	Period 12 Revised Budget 2012/13 £	Budget Load 2013/14 £
Expenditure			
Staff Costs			
Police Officers			
Pay and Allowances	95,418,826	94,525,309	97,267,301
Pensions	19,131,396	19,005,039	19,231,865
Overtime, Rest Days and Bank Holidays	4,573,892	5,236,642	4,844,523
	119,124,114	118,766,991	121,343,689
PCSOs			
Pay and Allowances	6,625,478	6,872,831	6,780,838
Pensions	570,042	595,008	593,643
Overtime, Rest Days and Bank Holidays	81,980	123,788	111,577
	7,277,500	7,591,627	7,486,058
Police Staff			
Pay and Allowances	40,344,042	39,072,795	40,908,174
Pensions	2,913,327	3,129,742	3,403,948
Overtime, Rest Days and Bank Holidays	324,210	766,476	408,145
	43,581,579	42,969,013	44,720,267
Total Pay	169,983,193	169,327,631	173,550,014
Non Staff Costs			
Supplies and Services			
Recruit and Other Training Costs	1,820,760	2,064,356	1,889,419
Other Supplies And Services	1,786,488	1,760,497	1,655,016
Employee Wellbeing	1,246,805	1,211,377	1,195,070
Forensic Costs	1,071,306	1,040,306	1,029,661
Postage, Printing, Stationery	906,518	908,880	882,969
Non Pay Inflation Provision	2,000,000	0	800,000
Insurance Costs	742,609	684,993	753,479
Contracted Labour Costs	866,865	783,314	665,656
Clothing And Other	560,391	603,442	609,411
Library, Media & Marketing	233,847	347,290	312,411
Compensations Claims	306,000	246,438	288,000
Legal Costs	245,462	307,835	260,039
Police Equipment	254,146	390,542	246,839
Support Staff Training Costs	184,885	221,263	208,310
Maintenance of Non Police Equip	126,204	131,800	158,478
Dog Feeding and Kenneling	169,727	120,800	121,940
I D Parade Costs	92,676	92,676	78,471
Advertising For Vacancies	70,000	70,000	70,000
Police Surgeon Fees	90,505	90,505	67,181
Revenue Contribution to Capital	0	175,692	0
	12,775,193	11,252,006	11,292,350
Premises and Office Costs			
Rents, Rates etc	10,042,295	9,956,958	9,826,379
Service Charges	2,623,511	2,596,333	2,541,375
Premises Maintenance and Repair	1,960,216	1,861,200	1,975,367
Insurance, Heating And Light	1,125,074	1,250,074	1,167,208
Photocopiers	230,393	402,102	383,327
	15,981,489	16,066,667	15,893,656

20 February 2013



To Strategic Command Team, Budget Holders and Budget Leads

2013/14 Budget Delegation and Responsibilities (Revenue and Capital)

Each year the British Transport Police Authority (BTPA) agrees BTP's budget for the following financial year. The budget is a financial expression of BTP's aims, objectives and policies. Following Authority approval of the total budget it is then allocated to Areas and Departments who each receive a Budget Control Total and detailed audit trail showing how their control total has been calculated.

It is then for Budget Holders to ensure their Budget Control Total is accurately loaded onto the Force's financial system in line with the cost centre structure under their area of budget control.

Prior to the allocation of the 2013/14 budgets, a challenge process was put in place to ensure that all expenditure was reviewed for need and accuracy, and to ensure the maximum amount of resources are focused on the frontline.

BTP controls costs by delegating responsibility for budgets through the organisation. Responsibility for the Force's budget and expenditure lies with the Chief Constable but I delegate this responsibility to the Strategic Command Team who in turn delegate budgets to staff within their departments via Financial Approval. This ensures that spend is controlled where it occurs by staff who are closely connected with and understand the spend at cost centre level. The actual financial approval limits to be used and delegated by the Strategic Command Team are established and agreed by the Director of Corporate Resources.

This letter provides your Budget Control Total for 2013/14 (Appendix 1) and sets out the rules for setting detailed budgets and for managing budgets in year. Detailed schedules setting out how your Budget Control Total for 2013/14 has been calculated will be issued separately by the Head of Finance in support of this Delegation Letter.

BTP Revenue Budget

For 2013/14 the BTPA has approved a net budget for BTP of £202,092k for over ground operations and £52,698k for underground operations. The total BTP budget therefore for 2013/14 is £254,790k.

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In agreeing the budget for 2013/14 the BTPA approved a PSA increase of 1.8% giving a PSA for BTP of £200,492k. The resulting gap between the budget of £202,092k and PSA funding of £200,492 of £1,600k is to be met from previously achieved savings. Appendix 2 sets out the detailed budget for 2013/14.

BTP Capital Budget

For 2013/14 the BTPA has approved a capital programme ceiling of £11.2m. This awaits confirmation from the DfT that they will approve this level of Capital Delegation; a summary of the BTPA approved capital programme is provided at Table 1 and shown in detail at Appendix 3.

Table 1 – Summary BTPA Approved Capital Programme

BTP CAPITAL PROGRAMME 2013/14 to 2015/16				
Department	BTP Departmental Capital Totals 2013/14 to 2015/16			On going Revenue Impact
	2013/14	2014/15	2015/16	
	£000	£000	£000	£000
Estates	5,240	5,175	3,150	30
Technology	2,552	2,685	2,757	300
CCTV	35	36	46	0
Fleet	2,152	2,225	2,175	0
Other equipment etc	321	1,114	2,323	161
Contingency	900	900	900	0
TOTAL BTP FUNDED CAPITAL PROGRAMME	11,200	12,135	11,351	491
DEL	11,200	11,200	11,200	
Over/(under DEL)	0	935	151	

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BTPA Code of Governance and Scheme of Delegation

During the past three months the BTPA Code of Governance and Scheme of Delegation has been reviewed and updated making changes to the level of authorisations and simplifying the approval processes. These changes are reflected in this delegation letter. In particular the Delegation letter includes four new appendices to show:

- **Appendix 4 - List of Finance Approvers in each Department/Area** – These are the individuals who are able to approve expenditure having satisfied themselves that they have sufficient budget and that they have 'approval to spend'. Budget Holders have approval to spend their entire revenue budget but subject to the value of the scheme must obtain approval to spend capital from one of the corporate boards (see Appendix 6).
- **Appendix 5 – List of those with Procurement Authority in the Force** – These are the individuals within BTP who are able to enter into contracts (including Purchase Orders) on behalf of BTP. Both Financial Approval and Procurement Authority need to be in place before expenditure can be incurred.
- **Appendix 6 – Board approval limits to spend on capital schemes** – This sets out the capital spend approval level delegated to each Board.

Rules for setting revenue and capital budgets

1. Budgets must be loaded into E-fins by the **1 March 2013**.
2. It is your responsibility as a budget holder to set budgets, including EPSA funding activity, across expenditure/income headings and profile budgets across periods as accurately as possible.
3. It is your responsibility to make sure the descriptions of cost centres and ORIGIN organisations within your area or responsibility are meaningful and accurate.
4. In allocating budgets for 2013/14 you must ensure that budgets for pay are accurate as possible and in-line with the policy set by the Force Executive Board that pay budgets for Police Officers and PCSO reflect the actual numbers that you anticipate being in post in each period. Therefore the Budgeted Workforce Target for each period for Police Officers and PCSOs must not include a vacancy factor. It is recognised that in managing your budget in-year it may be necessary for the number of Police Officers and PCSOs employed in any given period to exceed the Annualised Budget Workforce Target.

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5. The aim is to be as close to the Annualised Budgeted Workforce Target on average throughout the year. Express approval from the Director of Corporate Resources is required to move budget to and from pay lines into any other expenditure headings.
6. The position for Police Staff is different and depending on local circumstances it may be necessary to include a vacancy factor to reflect the specific challenges of recruiting police staff in different parts of the Force.
7. As part of your budget submission for 1 March 2013 you must also provide the information set out below in order that Human Resources can develop their recruitment plans for the year.
8. Your Budgeted Workforce Target must tally with the positions record retained in ORIGIN and if required you must identify to Human Resources any changes needed to ORIGIN position records.

Police Officers (no vacancy factor assumed)

	Period 1	Period 2	Period 3	Period 4 to 11	Period 12	Period 13	Annualised
Annualised Budgeted Workforce Target e.g.	400	400	400	400	400	400	400
Period Budgeted Workforce Target e.g.	399	396	396	399	403	403	400

PCSOs (no vacancy factor assumed)

	Period 1	Period 2	Period 3	Period 4 to 11	Period 12	Period 13	Annualised
Annualised Budgeted Workforce Target e.g.	50	50	50	50	50	50	50
Period Budgeted Workforce Target e.g.	49	49	49	50	51	51	50

Police Staff (vacancy factor assumed eg in this example 3%)

	Period 1	Period 2	Period 3	Period 4 to 11	Period 12	Period 13	Annualised
Annualised Budgeted Workforce Target e.g.	200	200	200	200	200	200	200
Period Budgeted Workforce Target e.g.	194	194	194	194	194	194	194

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Rules for managing budgets

Budget Holders must ensure that:

1. Budget is spent on the activities it is intended for.
2. The budget does not overspend overall unless prior approval is obtained from the Director of Corporate Resources at a Finance Review meeting for a small overspend.
3. Budgets for individual expenditure and income headings at the level of aggregation used for scrutiny at the Finance Review meetings must be managed within a tolerance of plus or minus 5% against budget still ensuring the bottom line for each Area or Department is met overall.
4. Any requests to move budget in year due to exceptional operational requirements or significant structural changes are submitted for approval to the Director of Corporate Resources. These will be agreed or not at the period Finance Review meetings. Structural changes must be submitted via the Resource Approval Panel detailing the changes required to ORIGIN and Duty Management System structures.
5. All costs including staff cost are correctly and accurately coded.
6. Forecasts of staff expenditure agree to the position for officer and staff numbers agreed with Human Resources and maintained on ORIGIN.
7. It is the Budget Holders responsibility to ensure that they use correct ORIGIN position numbers and organisations.
8. It is the Budget Holder and Financial Approvers responsibility to ensure they use correct cost centre, financial account and job codes.
9. It is the Budget Holders responsibility to make sure items are goods received by the requisitioner in a timely way to ensure payments can be made promptly.
10. It is the Budget Holders responsibility to ensure that there is effective management of any contract in their area of responsibility.
11. Budget holders are responsible for the specification (including any risk assessments and health and safety issues i.e. training) of all proposed transactions, including the need to clearly specify user requirements, service level agreements and acceptance criteria in tenders and contracts.
12. They work closely with their Senior Management Accountant/Area Finance and Corporate Services Manager in producing the 'four weekly packs' which set out for each period, the year to date and forecast position so that these can be discussed at each period's Finance Review.

British Transport Police

Force Headquarters, 25 Camden Road, London, NW1 9LN

email andrew.trotter@btp.pnn.police.uk direct 020 7830 8810 fax 020 7383 3023



BRITISH
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Procurement Rules

1. In accordance with the Two Key Approach to Expenditure:

- **Key 1 Financial Approval** – There is approval to spend and budget is available. A list of those Financial Approvers is set out in Appendix 4.
- **Key 2 Procurement Authority** – An individual within the Force who has delegated authority to enter into contracts on behalf of the Authority and is satisfied that the best contract offering best value for money has been obtained. A list of those with Procurement Authority is set out in Appendix 5.

NB Budget Holders and requisitioners do not have procurement authority and therefore must not order goods, works or services directly with suppliers. The only exception to this is via procurement card or use of procurement catalogues.

2. The Two Key Approach to expenditure and the No Order = No Pay Policy must be complied with by Budget Holders and their staff to ensure that no work commences until a Purchase Order, Contract or Variation to a contract via Procurement or Buyer on Area is in place with the supplier.
3. All goods and services must be purchased using the correct method; being
- Procurement Card for purchases for £250 and under.
 - Using the e-procurement system for purchases valued between £251 - £50,000.
 - Through the Procurement Team with more formal contractual arrangements for purchases over £50,000 including inviting a minimum of four suppliers to tender/
 - It is also essential to gain quotations at the following levels:
 - 1 tender - Up to £1k
 - 2 tenders - Between £1k - £5k
 - Minimum 3 tenders - Over £5k

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Support to Budget Holders

To support budget holders in carrying out their responsibilities the Force will:

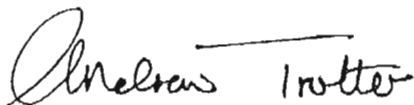
1. Ensure that each budget holder is assigned a Senior Management Accountant/Area Finance and Corporate Services Manager with responsibility for advising Budget Holders on all financial matters and for producing the 4 weekly monitoring packs which will be used for scrutinising the Budget Holders financial position at each Finance Review meeting.

NB. Although the Senior Management Accountants/Area Finance and Corporate Services Managers are responsible for producing the monitoring pack and will give budget holders advice and support, the actual responsibility for the content and accuracy of the pack lies with the budget holders and Strategic Command Team member. It is the Strategic Command Team member/budget holder's responsibility to present the pack at the Finance Review and discuss the contents and implications. The Strategic Command Team member is required to sign off each pack before it is presented to the FHQ review board to ensure that there is departmental ownership.

2. Provide detailed and clear guidance on all BTP's financial regulations and procedures.
3. Ensure financial and procurement systems are set up in a robust and user friendly way.
4. Ensure that each budget holder has access to workforce data from ORIGIN to allow monitoring of the Budgeted Workforce Target.

Any issues regarding this Delegation Letter should be raised with the Director of Corporate Resources immediately so that they can be resolved before the start of the 2013/14 financial year.

Yours sincerely



Andrew Trotter OBE QPM
Chief Constable

British Transport Police

Force Headquarters, 25 Camden Road, London, NW1 9LN

email andrew.trotter@btp.pnn.police.uk direct 020 7830 8810 fax 020 7383 3023

APPENDIX 1 – 2013/14 Budget Control Totals

Areas/Departments	Control Total	Budget Holder	Area Finance and Corporate Services Manager/Senior Management Accountant
	£'000		
FHQ Departments			
Deputy Chief Constable	7,888	Elaine Derrick	Christopher Azoba
Central Resources	43,530	Mark Newton/Corporate Resources SMT	Christopher Azoba
Operational Departments and Areas			
Territorial Policing & Crime	19,488	Miles Flood	Arti Andrade
Central Operations	15,448	Hacer Evans/Dave Wildbore	Arti Andrade
London North	24,465	Martin Fry	Chano Khosla
London South	26,600	Steve Morgan	Jane Horton
North East	17,448	Terry Nicholson	Joanne Whatmore
North West	16,926	Peter Holden	Stuart Holmes
Wales and Western	17,768	Peter Davies	Karen Taylor
Scotland	12,531	Ellie Bird	Anne Cochrane
Total Overground Operations	202,092		
L Area*	52,698	Paul Brogden	Tim Johnson
Total Over and Under Ground Operations	254,790		
Funded from			
Overground PSA	200,492		
Underground PSA	52,698		
Previously Identified Savings	1,600		

* in addition to the controls set out in this Delegation Letter L Area need to comply with the Governance Requirements set by Transport for London

APPENDIX 2 – BTP Overground 2013/14 Budget and Medium Term Financial Plan

	2013/14	2014/15	2015/16	2016/17
	£000	£000	£000	£000
Net Budget approved 2012/13 (excl. BTPA)	200,307	200,307	200,307	200,307
Pay and Inflation				
Police Officer pay award @ 1%, 1%, 2.5%, 2.5% pa	690	1,880	4,860	7,840
Police Staff pay award @ 1%, 1%, 2.5%, 2.5% pa	400	930	2,250	3,570
Net Impact of Winsor*	700	700	700	700
EPS Pay Progression	700	1,250	1,650	1,650
London Weighting increase of 10%	230	470	730	1,000
Non-pay Inflation @ 2.5%, 3.0%, 3.5%, 3.5% pa	1,250	2,950	4,700	6,450
Police Pension Employers Contributions Indexation	100	300	400	500
Total Pay and Inflation	4,070	8,480	15,290	21,710
Budget Increases/Decreases				
Airwave Usage Costs	200	400	400	400
Rent Reviews	50	248	269	269
CCTV Maintenance*	500	500	500	500
Leadership Academy*	141	141	141	141
Social Media*	100	100	100	100
NPIA successor bodies increase in charge*	150	150	150	150
Reduced depreciation due to 2012/13 capital spend*	(218)	(218)	(218)	(218)
Removal of Carbon Reduction Commitment Costs*	(80)	(80)	(80)	(80)
Total Budget Increases/Decreases	843	1,241	1,262	1,262
Budget increased for Pay and Inflation and Budget Increases/Decreases	205,220	210,028	216,859	223,279
Proposed PSA Funding Envelope	200,492	205,609	212,679	219,113
Funding gap (pre savings)	4,728	4,419	4,180	4,166
Futures Savings Proposals				
Corporate Resources	(764)	(1,061)	(1,061)	(1,061)
Dogs Review	(544)	(544)	(544)	(544)
Territorial Policing and Crime	(290)	(737)	(737)	(737)
Workforce Modernisation	(325)	(325)	(325)	(325)
Wide Area Network	(261)	(261)	(261)	(261)
Fleet Review	(223)	(268)	(268)	(268)
Pension Plus	(234)	(234)	(234)	(234)
ACC & PA posts reduction	(172)	(172)	(172)	(172)
L&D Savings to fund Leadership Academy	(141)	(141)	(141)	(141)
Central Operations	(116)	(268)	(268)	(268)
Central Analysis and Performance	(58)	(58)	(58)	(58)
Estates Rationalisation	0	(350)	(350)	(350)
Total Futures Savings Proposals	(3,128)	(4,419)	(4,419)	(4,419)
Funding gap (post savings)	1,600	0	(239)	(253)
Release of Savings				
Previously Found Savings	(1,600)	0	0	0
Funding Gap (post savings) and after release of savings	0	0	(239)	(253)

* indicates new budget increases/decreases since MTFP was approved in 2012/13

Appendix 3 – Capital Programme - Estates

Estates					
Scheme	Approval Requirement	2013/14	2014/15	2015/16	on-going Revenue Impact
		£000	£000	£000	£000
London South Custody	BTPA	1,500	4,000	0	TBC
Stratford	BTPA	0	400	1,600	TBC
London North AHQ Relocation	BTPA	0	100	900	TBC
Estate Rationalisation Programme	Chief Exec (in 2012/13)	300	0	0	TBC
FHQ Basement Upgrade	FEB	350	0	0	TBC
FHQ Reception/Security	FEB	350	0	0	TBC
Southampton Refurbishment	FEB	300	0	0	TBC
Security	FEB	250	250	0	TBC
Leicester East Street	FEB	250	0	0	TBC
Guildford (Redevelopment by NWR)	FEB	0	0	300	TBC
Liverpool Street	FEB	0	0	350	TBC
Birmingham New St Station	FEB	250	0	0	TBC
Minor Works Projects	Property Board	250	250	0	TBC
Sunderland	SIB	200	0	0	TBC
Wigan - relocation	SIB	150	0	0	20
Birmingham Axis (AHQ) - replacement windows	SIB	150	0	0	TBC
Areas Lighting Upgrades	SIB	115	0	0	TBC
Cambridge	SIB	100	0	0	TBC
Air Conditioning System Upgrades	SIB	100	100	0	TBC
Glasgow Empire House - Relocation to Buchanan House	SIB	100	0	0	TBC
Blundell St - Space Utilisation	SIB	100	0	0	TBC
Capitalised Staff Costs	SIB	75	75	0	TBC
Swansea - full refurbishment	SIB	75	0	0	TBC
FHQ Lighting upgrades	SIB	60	0	0	TBC
Pontyprid	SIB	50	0	0	TBC
Manchester Victoria - new accommodation	SIB	50	0	0	10
Birmingham Axis (AHQ) - refurbishment	SIB	50	0	0	TBC
FHQ Server room air conditioning	SIB	35	0	0	TBC
FHQ Air conditioning control & zoning	SIB	30	0	0	TBC
Total Estates		5,240	5,175	3,150	30

Appendix 3 – Capital Programme – Technology and CCTV

Technology					
Scheme	Approval Requirement	2013/14	2014/15	2015/16	On-going revenue impact
		£000	£000	£000	£000
Desktop Virtualisation	BTPA	1,100	1,000	220	100
Digital Evidence	BTPA	0	0	1,000	TBC
Infrastructure Maintenance	FEB	200	500	500	TBC
Iccs System Upgrade	FEB	100	100	100	TBC
Airwave Replacement & Upgrade	SIB	350	500	500	40
Data Optimisation	SIB	185	185	0	120
Airwave Covert	SIB	110	0	0	TBC
Cyclic Replace Prog-Laptops	SIB	100	100	137	TBC
Information Management Systems	SIB	80	80	80	TBC
Messaging (Outlook & Blackberry)	SIB	70	0	0	TBC
Network Security	SIB	50	0	0	TBC
Data Centralisation	SIB	40	0	0	TBC
Active Directory Management and Maintenance	SIB	30	0	0	TBC
London Bridge Airwave Scheme	SIB	27	0	0	TBC
Sharepoint	SIB	0	120	120	TBC
Liverpool Street Airwave Scheme	SIB	0	0	0	40
Technology Board Operational Development	Tech Board	100	100	100	TBC
Telephone Handsets Spares	Tech Board	10	0	0	TBC
Total Technology		2,552	2,685	2,757	300

CCTV					
Scheme	Approval Requirement	2013/14	2014/15	2015/16	On-going revenue impact
		£000	£000	£000	£000
Retrieval Cadre Equipment	SIB	17	18	28	TBC
Siraview Software	SIB	18	18	18	TBC
Total CCTV		35	36	46	0

Appendix 3 – Capital Programme – Fleet and Other

Fleet					
Scheme	Approval Requirement	2013/14	2014/15	2015/16	On-going revenue impact
		£000	£000	£000	£000
Fleet Replacement Programme	SIB	2,077	2,150	2,100	TBC
Unplanned insurance write off provision	SIB	75	75	75	TBC
		2,152	2,225	2,175	0

Other Equipment					
Scheme	Approval Requirement	2013/14	2014/15	2015/16	On-going revenue impact
		£000	£000	£000	£000
Deputy Chief Constables					
Integrated Audit Software	SIB	50	0	0	TBC
Social Media and Marketing	SIB	23	4	0	152
Central Operations					
Replacement of Photographic Equipment	SIB	133	0	0	TBC
Freezers	SIB	20	0	0	TBC
Photographic Server Replacement	SIB	0	0	60	TBC
Server to store master photographic images	SIB	0	60	0	TBC
DCS upgrade for chemical laboratory	SIB	0	30	0	2
Replacement of HTCJ equipment	SIB	0	0	80	5
HTCJ Fibre Optic cabling for server	Tech Board	15	0	0	TBC
KIM/Socrates Link	Tech Board	12	0	0	TBC
Upgrade to Fingerprint SP lift printer	Tech Board	6	0	6	TBC
Rapid DNA Profiling Equipment	Tech Board	0	20	0	2
SRU Equipment					
Thermo IdentIFinder 2	SIB	60	0	0	TBC
Inficon Hapsite ER	SIB	0	0	417	TBC
Future Model HazMat ID	SIB	0	0	160	TBC
Dregar BGS pure oxygen re-breather systems with telemetry	SIB	0	0	150	TBC
Bio agent DM	SIB	0	0	100	TBC
National CBRN PPE Upgrade	SIB	0	0	350	TBC
Territorial Policing and Crime					
Command & Control replacement	BTPA	0	1,000	0	TBC
Crime System Renewal/Replacement	BTPA	0	0	1,000	TBC
		321	1,114	2,323	161

Appendix 4 - List of Financial Approvers in Efins for Revenue and Capital (i.e. those individuals able to approve expenditure on the BTP financial system)

Deputy Chief Constable's Command

Elaine Derrick	Up to £50k
Michael Furness	Up to £50k
Lisa Brooks	Up to £50k
Nicola Lines	Up to £50k
Jo Bird	Up to £50k
Alistair Lawson	Up to £50k
Charlotte Crabtree	Up to £50k

Territorial Policing & Crime

Alan Pacey	Up to £150k
Miles Flood	Up to £50k
Alison Evans	Up to £50k
Gary Richardson	Up to £25k
Simon Graham	Up to £25k
Paul Shrubsole	Up to £25k
Simon Peel	Up to £10k

Central Operations

Hacer Evans	Up to £150k
Farhana Nanji	Up to £150k
David Wildbore	Up to £100k
Stephen Thomas	Up to £50k
Peter Rowe	Up to £50k
Jeff Boothe	Up to £50k
David Roney	Up to £25k
Duncan Manners	Up to £25k
Mark Leahy	Up to £25k

Corporate Resources

Mark Newton	Up to £150k
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Information Management

Brett Smith	Up to £25k
Eira Owen-Frazer	Up to £25k
Peter Jenkins	Up to £25k

Corporate Services

Leigh Stringer	Up to £500k
Steve Langston	Up to £250k
Heath Waller	Up to £150k
Graham Tillett	Up to £100k

Andrew Whitehead	Up to £25k
Michael Highland	Up to £25k

Human Resources and Learning and Development

Peter Ward	Up to £50k
Richard Scragg	Up to £50k
Kerry McCafferty	Up to £50k
Dawn Buddell	Up to £25k
Graham Jeffery	Up to £25k
Kirsty Hargreaves	Up to £25k

Technology

Alan Shrimpton	Up to £500k
Caroline Sparks	Up to £50k
Philippa Brown	Up to £50k

Finance and Procurement

Simon Hart	Up to £500k
Janet Dowding	Up to £25k

London North

Chano Khosla	Up to £50k
Bernadine Savarin	Up to £25k

London South

Jane Horton	Up to £50k
Victoria Haddock	Up to £25k

North East

Joanne Whatmore	Up to £50k
Cheryl Mitchell	Up to £25k

North West

Stuart Holmes	Up to £50k
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Scotland

Anne Cochrane	Up to £50k
Melissa Anne Picozzi	Up to £25k

Wales & Western

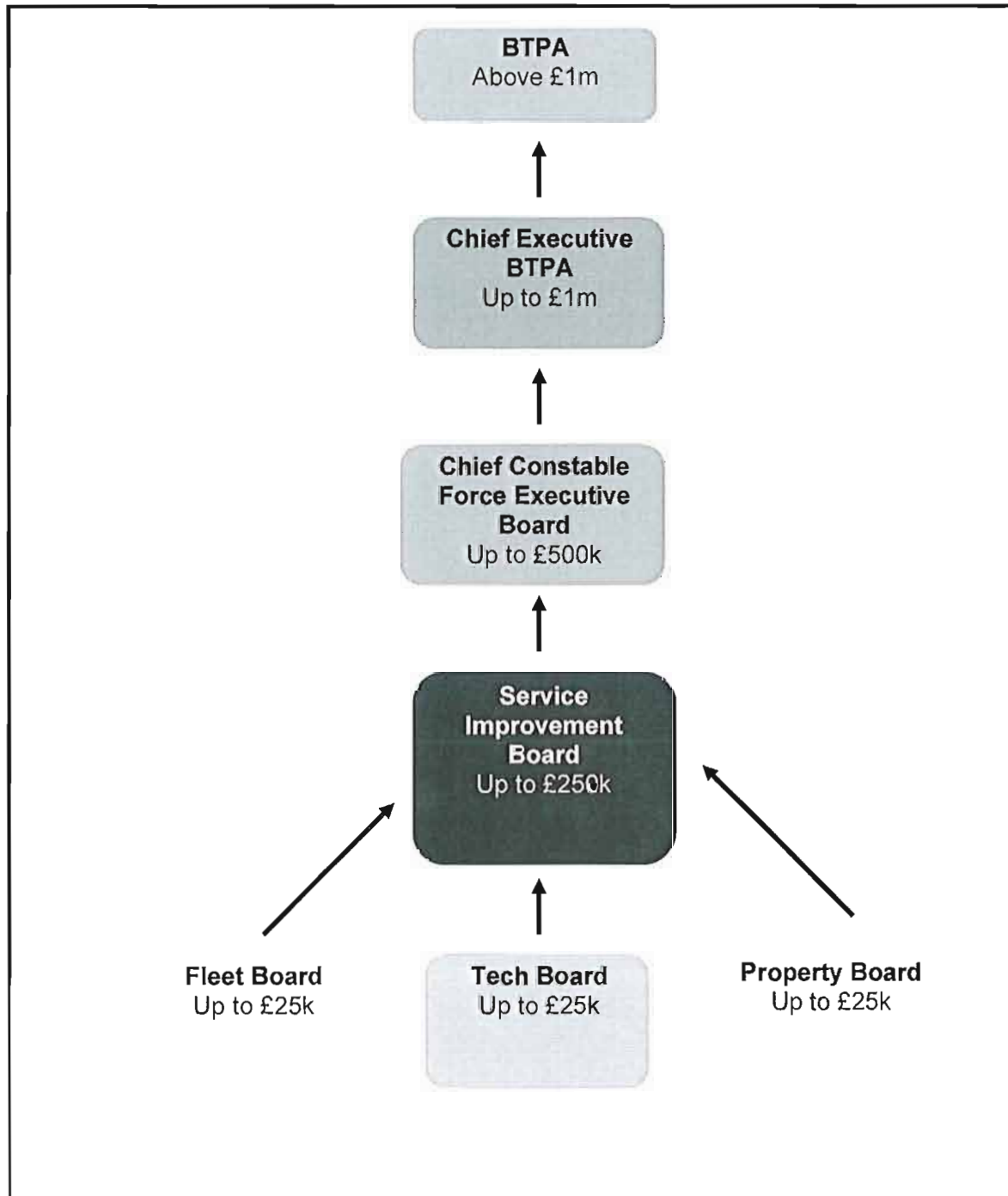
Karen Taylor	Up to £50k
Loretta Ray	Up to £25k

Appendix 5 - List of Procurement Authority Limits (i.e. those individuals with delegated authority to enter into contracts on behalf of BTP)

British Transport Police Authority	Above £1m
Chief Constable	Up to £1m (inc VAT)
Director of Corporate Resources	Up to £250k
Strategic Procurement Manager	Up to £200k
Procurement Managers	Up to £100k
FHQ Buyer	Up to £50k
Area Buyers	Up to £25k

Appendix 6 - Approval to Spend Capital

For capital expenditure it is necessary to obtain 'Approval to Spend' prior to individual Financial and Procurement approval, the delegated approval levels for each board is set out below and the capital programme shows what level of approval is required for each scheme in the Capital Programme.





	Original Budget 2012/13 £	Period 12 Revised Budget 2012/13 £	Budget Load 2013/14 £
Sundry Staff Costs			
Temporary Agency Staff	282,316	823,717	427,100
Training Staff	149,418	279,828	220,044
Professional Fees	4,482	3,289	3,187
	436,216	1,106,833	650,331
Communications and Computers			
Technology Costs	7,780,590	7,259,509	7,961,204
Telephones	3,722,876	3,734,263	3,982,596
	11,503,466	10,993,773	11,943,799
Transport Costs			
Vehicle Costs	2,459,222	2,692,133	2,487,153
Travel And Hotels	1,049,279	1,138,275	945,577
	3,508,501	3,830,408	3,432,730
Capital Charges	9,627,195	9,692,444	9,429,246
In-year savings	0	1,600,000	0
Metal Theft Tasking Initiative	0	700,000	0
Total Non Staff Costs	53,832,060	55,242,131	52,642,112
Total Expenditure	223,815,253	224,569,762	226,192,126
Income			
EPSAs	-16,356,581	-16,773,472	-16,722,662
Income From LUL	-4,130,355	-4,130,355	-4,229,483
Related Party Income	-1,391,846	-1,438,111	-1,433,788
Other Income	-1,450,236	-1,648,446	-1,538,527
Royal Train Income	-99,235	-192,379	-95,500
Interest	-80,000	-80,000	-80,166
Total Income	-23,508,253	-24,262,762	-24,100,126
BTPA Net Overground	200,307,000	200,307,000	202,092,000
Less Reserves	3,338,000	3,338,000	1,600,000
PSA Funding	196,969,000	196,969,000	200,492,000