

Report to: Finance Group
Agenda item: 4
Date: 17 October 2012
Subject: BTPA 2012/13 Quarter 2
Sponsor: Authority Finance Director
For: Discussion and Noting

The Forum
5th Floor North
74-80 Camden Street
London NW1 0EG

T: 020 7383 0259
F: 020 7383 2655
E: general.enquiries
@btpa.police.uk

www.btpa.police.uk

1. Purpose of paper

- 1.1 This paper details the summary financial position at the end of quarter 2 (period 6) and sets out the full year forecast spend for 2012/13 for both the Authority. This information has also been included for the combined BTP Fund which shows the overall gross income and costs. It also presents information on the core PSA debtors as at the end of period 6.

2. BTP/ A Summary Financial Position Quarter 2 2012/13

- 2.1 Appendix A summarises the total gross income and the total costs for both BTP and the Authority. The phasing of the income budget is in line with the invoicing, i.e. thirteen equal amounts invoiced over the financial year. The year to date budgeted and actual surplus of £15 million reflects the phasing of the spend in the final period of the year, when all the depreciation costs are charged together with an additional accrual for payroll costs for the final two weeks of the year.
- 2.2 The overall favourable variance on the surplus year to date is £861k, made up of £140k for the Authority and £721k for the force. The current forecast shows a £98k surplus, all of which is attributable to BTP.

3. BTPA Financial Position Quarter 2 2012/13

- 3.1 At the end of quarter 2 against a budget of £767.5k, the Authority has incurred expenditure of £627.1k, an under spend of £140.4k. The detailed analysis of spend is detailed in appendix B.

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

	£000
Budget 2012/13 to period 6	767.5
Underspend on staff salaries (inc temp staff)	(33.1)
Under spend on member salaries	(18.8)
Underspend on Travel and hotel costs (inc expenses)	(8.6)
Overspend on legal fees	19.3
Under spend on internal / external audit and HMIC	(58.4)
Under spend on consultancy / pensions advice	(15.6)
Under spend on recruitment	(14.8)
Other net under spends	(10.4)
2012/13 Actual to period 6	627.1

3.3 **Staff and Member costs** are under spent by £51.9k up to period 6. Member salaries are under spent because the budget assumes that we would have 14 charging members from 1 April 2013 and we currently have 13 charging members including the newest member who started in May. Staff costs are underspent because the temporary member of staff who runs the charging model has not been employed by us from June to August. In addition to this the PSA manager is working part time against a full time equivalent budget and an administration role was also been made redundant in August.

3.4 **Non staff costs** are also underspent, by £88.5k at the end of the first quarter. The only major over spend in the first quarter is in legal costs, which is overspent by £19.3k. It is expected that the majority of this overspend can be absorbed within the overall legal fee budget in 2012/13. The analysis of legal spend is summarised in the table below:

<u>SUPPLIER</u>	<u>DETAIL OF ADVICE</u>	<u>£k</u>
Simons Muirhead	Employment contract advice	35.8
Burges Salmon	Unauthorised pensions advice	35.1
Weightmans	Advice on PSAs	15.3
Other	Mainly Biggart Baillie Scottish Advice	12.9
Total		99.1
Budget		79.8
Overspend		19.3

- 3.5 The major under spend is on **HMIC, Internal and External Audit** are caused by incorrect phasing of the budget, which will all reverse by the year end.
- 3.6 No major **recruitment** charges have been incurred during the year, leading to a favourable variance of £14.8k

4. BTPA Financial Forecast 2012/13

- 4.1 At this stage there are **no material risks** to delivering the BTPA costs within the total budget of £1.87 million unless there is a legal challenge to the PSA which will become effective 1 April 2013 or the employee professional standard legal advice continues apace.
- 4.2 A full reforecast has been completed and the overall cost is expected to remain in line with budget, although there are some over spends expected, which will be offset by identified under spends. The major movements are outlined highlighted in Appendix B but are set out below with additional commentary,

	<u>£000</u>
Budget 2012/13	1,871.9
Underspend on staff salaries (inc temp staff)	(38.9)
Under spend on member salaries	(21.6)
Underspend on Travel and hotel costs (inc expenses)	(5.5)
Overspend on legal fees	17.8
Additional 2011/12 NAO fees (£20k) and estimate of additional fees in 2012/12	40.0
Additional contingency days for Internal audit (20 days)	10.0
Other net under spends	(1.8)
2012/13 Forecast as at period 6	1,871.9

5. Core PSA Debtors position at 2012/13 Q2 end

- 5.1 Appendix C summarises the core PSA debtors.
- 5.2 As at Quarter 2 there is a total outstanding debt of £16,684k. 89% of the debt is current. The only items over 60 days overdue are Freightliner (£64.9k), Pre Metro Operations (£1.2k) and North Yorkshire Moors Railways (3.2k). All these debts have now been cleared since period end.
- 5.3 95.4% of quarter two debtors have now been paid, a large improvement on the situation at the end of quarter one when just 56% had been cleared in a similar timeframe.

6. Recommendations

- 6.1 That Members note the gross year to date revenue and expenditure for BTP and the Authority; the full year forecast for the Authority and the improvement in the core PSA debtor position.

GROSS BTP/A BUDGET AND FORECAST AS AT PERIOD 6 2012/13

		Period 6 YTD Actual £'000	Period 6 YTD Budget £'000	Period 6 YTD Variance £'000	Full Year Forecast £'000	Full Year Budget as presented in P6 report £'000	Full Year Variance £'000	Full Year Original Budget £'000
TOTAL GROSS REVENUE								
Core PSA holders	#	86,869	86,869	-	188,216	188,216	-	188,216
<i>(ex L U contribution included below)</i>								
L Area contribution to overheads core	#	2,416	2,416	-	5,235	5,235	-	5,235
Grant in Aid – DFT irrecoverable gap	#	2,487	2,487	-	5,388	5,388	-	5,388
Core PSA Charge		91,772	91,772	-	198,839	198,839	-	198,839
Provision release		0	0	-	2,701	3,338	(637)	3,338
BTP/A Budget gross of £3.338k PSA Smoothing provision		91,772	91,772	-	201,540	202,177	(637)	202,177
L Area contribution to overheads non core	#	1,906	1,906	-	4,130	4,130	-	4,130
L Area core PSA	#	23,942	23,942	-	51,875	51,875	-	51,875
Enhanced PSA holders		6,743	4,551	2,192	19,092	19,368	(276)	18,950
Other income inc Olympics		7,946	7,953	(7)	12,935	13,148	(213)	9,598
Grants – Cable theft funding		945	3,232	(2,287)	4,303	4,303	-	305
TOTAL GROSS REVENUE		133,254	133,356	(102)	293,875	295,001	(1,126)	287,035
TOTAL GROSS COSTS								
Gross costs as reported by BTPA		114,925	115,748	823	286,777	288,301	1,524	268,252
BTPA		627	767	140	1,870	1,870	-	1,870
London Underground – extra		1,906	1,906	0	4,130	4,130	-	4,130
Front Line Initiative		0	0	0	1,000	700	(300)	12,783
TOTAL GROSS COSTS		117,458	118,421	963	293,777	295,001	1,224	287,035
Actual Surplus / (Deficit)		15,796	14,935	861	98	-	98	-

income accrues evenly over 13 periods

	£000
Note only : Gross Income reconciliation to PSA Charges	
Gross Income	295,001
Less EPSA Income	(19,368)
Less other income inc Olympic funding	(13,148)
Less Cable theft revenue	(4,303)
Less L Area income (core)	(51,875)
Less L Area additional overhead funding netted off in budget	(4,130)
BTP/A Budget gross of £3,338k provision release	202,177
BTPA Budget	1,870
BTP Budget gross of £3,338k provision release	200,307
As above	202,177
Less provision release	(3,338)
Core PSA Charges	198,839

BTPA 2012/13 Budget Monitoring - Quarter 2

	YTD Quarter 2 2012/13			2012/13			2011/12	
	Actual YTD £	Budget YTD £	Variance YTD £	Forecast £	FY Budget £	FY budget vs. forecast variance £	FY Actual £	FY Budget £
Staff Salaries	252,711	271,702	18,991	619,527	649,400	29,873	580,440	610,604
Temporary Staff	9,240	23,354	14,114	46,352	55,352	9,000	56,880	52,800
Members Salaries	95,724	114,510	18,786	249,035	270,660	21,625	209,131	298,693
TOTAL STAFF COSTS	357,675	409,565	51,890	914,914	975,412	60,498	846,451	962,097
Travel and hotel costs (inc Expenses)	7,142	15,760	8,617	31,750	37,250	5,500	16,829	31,902
Premise and office costs	57,664	57,296	(369)	134,621	135,426	805	118,579	126,881
Communications (inc equipment purchases)	18,084	17,006	(1,078)	34,358	30,650	(3,708)	29,416	36,800
Subscriptions and Publicity	26,881	26,498	(383)	53,655	50,000	(3,655)	32,761	56,328
Appeals	2,500	7,404	4,904	10,000	17,500	7,500	13,222	17,220
Independent custody visiting	11,124	13,750	2,626	27,500	32,500	5,000	27,876	38,491
Total consultancy	20,358	35,962	15,604	85,000	85,000	-	104,899	100,000
Legal fees	99,120	79,856	(19,264)	206,500	188,750	(17,750)	96,927	200,000
External audit	11,000	11,538	538	140,000	100,000	(40,000)	110,000	120,000
HMIC Inspections	-	30,462	30,462	77,000	72,000	(5,000)	54,000	49,194
Internal Audit	13,254	40,615	27,361	106,000	96,000	(10,000)	169,840	97,812
Recruitment and training	924	15,770	14,846	37,275	37,275	-	42,795	33,274
Other	1,396	5,991	4,595	13,350	14,160	810		
Transfer to contingency	-	-	-	-	-	-	200,000	-
TOTAL NON STAFF COSTS	269,447	357,907	88,460	957,009	896,511	(60,498)	1,017,145	907,903
TOTAL BTPA COSTS	627,122	767,473	140,350	1,871,922	1,871,922	0	1,863,596	1,870,000