

Report to: Police Authority
Date: 6 November 2013
Agenda Item: 11
Subject: Finance Committee - Q2 2013/14
update
Sponsor: Chair Finance Committee
Author: Authority Finance Director
For: Information

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

To provide an overview of the main business done at, and the actions arising from, the quarter 2 meeting of the Authority's Finance Committee which took place on 18 October 2013.

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 quarter 2 meeting of the Committee.

3. Standing items

3.1 BTP Q2 (see Appendix A):

The Group received the detailed Q2 summary and the full year forecast, both are attached at Appendix A. The forecast outturn indicates an under spend of £21k on a revised budget of £253.2m. Savings totalling £1.1m have been identified from Area and FHQ costs. These cost savings are being used to fund part of the Force restructuring costs. The trend from 2012/13 continued with the establishment remaining at 156 below budget. The police staff costs and overtime are both forecast to be above budget and forecast. This is offset by additional income.

The cost of the force restructure was presented. The cost of the restructure is set out on the next page:

	2013/14 £k	2014/15 £k	Total £k
Summary of Costs			
Project team	575	200	775
Redundancy	2,000	-	2,000
Outplacement support	60	-	60
Training	50	-	50
Recruitment	130	-	130
Total Costs	2,815	200	3,015
Savings identified to Finance Restructuring			
Airwave	(510)	(183)	(693)
Inspectors	(510)	-	(510)
Forensics	(106)	(79)	(185)
Rent Rebates London South / Estates	(389)	-	(389)
Staff Savings – Finance Reviews	(200)	-	(200)
Smoothing Reserve – from 2012/13	(500)	-	(500)
Force Restructure Reserve – from 2012/13	(600)	-	(600)
Total Savings identified	(2,815)	(262)	(3,077)
Surplus	-	(62)	(62)

Further analysis has been requested on the savings to be generated and the phasing and the ongoing expenditure on the new police officers funding in 2014/15 budget which will be presented in November as part of the Budget scrutiny.

The current 2013/14 Capital Programme of £11.2m has been reviewed and the current forecast shows a forecast spend of £11.2m, which includes £0.9m allocated to contingency. A further review is taking place in October to review the forecast for the year. The Finance Committee were assured that the IT, Fleet and Estates budget would be spent in full by the end of the year, despite the rate of spend in first half being very slow. No risks were identified in the ageing of the EPSA debtors. The cash position as at 4 October was fairly stable at £26.6m.

3.2 BTPA Q2 (see Appendix B)

The year to date expenditure for the Authority was presented which showed an under spend of £51k against a budget of £617k. The major variances were explained as savings in staff salary costs, legal fees and appeal costs. No major risks were identified in the forecast. Any potential legal costs relating to the PSA had not been incurred and if any challenges are made now this will be incurred later in 2013/14 and beyond.

4. Other reports received

4.1 CCTV - Position Paper

As requested a CCTV position was presented to the Committee. Network Rail has, to date, invested £12m into CCTV, with BTP investing £0.5m. At present the CCTV hub can connect to 14 different TOCs and is able to share images within both the Force Control Rooms and Silver Suites. The CCTV project has submitted bids for the 2014/15 MTFP for £386k and a bid into the 2014/15 and 2015/16 capital programmes for £86k and £28k respectfully.

The maximum life of the current equipment is 10 years, and the current maintenance contract includes break fixes and hardware costs. This is in place for the next 3 years, but it is anticipated that the costs of maintenance will increase by approximate 5% to 10% after 2016.

BTP are currently looking at submitting a bid to Network Rail for funding under CP5. If this did is not successful then BTP would need to make a decision as to whether its own internal capital programme could fund the required capital or BTP would need to stop further developments in this area and maintain the system in place. The current relationship with Network Rail is very positive, and Network Rail is assisting BTP in drafting funding papers that meet their requirements. A number of areas of BTP have benefited from the developments within this area such as faster production of evidence which has speeded up the criminal justice process. Also Officers are able to view the crimes while speaking to the victim which helps the officers determine the best options for further investigation.

A post implementation and benefits realisation review would be required following the completion of phase 3 which is due in March 2014 and it was requested that this be presented to the May 2014 Finance Committee.

4.2 PSA Charges

The Authority Finance Director updated the Finance Committee on the preparations for the running and calculation of the 2014/15 PSA provisional charges. During 2014 there are due two franchise changes and both of these will need to be taken into account when the charges are calculated. A number of developments have been made during the year to assist in the calculation of the charges including carrying out some of the manual data extraction and data manipulation using Business Objects which will save time and reduce the risk of human error when the information is copied across. The effects of the force

restructure on the charges are being modeled and when the up to date information is available the charges will be modeled at both a divisional and sub divisional level to assess the impact of any changes.

Following the calculation of the 2013/14 provisional charges the Finance Committee requested that further work be carried out in relation to reviewing the charges for the light metro and tram systems. At present the Authority hold PSAs with three such systems, Croydon Tramlink, Tyne & Wear Metro and Midland Metro. Currently Croydon Tramlinks charges are calculated using the charging model whereas the charges for the other two systems were calculated with resources as the basis. The large annual variations in the Croydon Tramlinks charges can be attributed to the number of crime records that are raised during the year. If there are a number of revenue blocks held then their crime numbers increase. The Finance team has been looking at what consistent, alternative methodology could be applied across these three systems to ensure that they are all charged fairly. The work to date has review the resources involved in policing the systems and their respective proportion of crime. The Finance Committee endorsed the work that had been carried out so far and would be expecting an update at the November meeting.

4.3 Contingency Reserve

A further paper was presented which provided a range of monetary values attached to the strategic risk registers of both the BTPA and the BTP. This work showed a monetary risk value range of £2.2m to £6.5m. The current level of reserve is £3.5m.

4.4 Force Projects update

Currently there are 16 projects being monitored by the Service Improvement Board. An update was given to the Committee on the key contractual issues that is affecting BTP and two of its key projects E-Case and E-Custody.

5. Issues for future Committees

In addition to the standing items the Finance Committee will be considering the following at its next meeting in October;

- Capital prioritisation plan to be presented for 2013/14 and beyond.
- Charging and contractual arrangements for the non core PSA holders and impact of the Force restructure
- Initial budget proposal for BTP and BTPA
- Implications of the Restructuring on the future budget
- CCTV - post implementation review

6. Recommendations

Members are asked to note progress made and issues noted by the Finance Committee at its quarter two meeting.



Report to: Finance Committee
Agenda item: 4
Date: 18 October 2013
Subject: BTP Revenue Budget and Capital Programme 2013/14
Quarter 2 Forecast Report
Sponsor: Head of Finance
For: Information

1. PURPOSE OF PAPER

- 1.1 This report provides the monitoring and forecast revenue and revised capital programme position for British Transport Police (BTP) for 2013/14. The forecast outturn reflects the best view of business as at the second quarter 2013/14.
- 1.2 Appendices A and B set out the position on the revenue budget for BTP and shows the forecast outturn position to be broadly in line with the approved net budget of £253.2m, with a minor under spend on the overall budget of £21k.
- 1.3 Appendix C sets out the position for each scheme in the capital programme including a the phasing of this programme; this follows a detail review carried out which means the overall capital outturn for 2013/14 of £11.08m including a contingency of £900k reflects a £118k under spend against the capital programme. This is summarised in Table 1, section 4.
- 1.4 Appendix D shows the establishment (budgeted staff numbers) and the actual numbers in post as at Period 6 for Areas and FHQ Departments. The Service was 156 FTEs or 3% below the overall establishment of 4,778 FTEs as at Period 6.
- 1.5 Appendix E shows the balance sheet position as at the end of the second quarter (Period 6).
- 1.6 Appendix F shows the cash flow forecast to 31st March 2014 as at period 6.



2. REVENUE BUDGET

- 2.1 The revenue budget for 2013/14 reflects a challenging target with savings of £3,128k already embedded in non front line budgets to allow more officers to be deployed. The outturn as at Period 6 is in line with the approved budget for net expenditure. This is a marginal under spend of £21k outturn position for BTP as a whole. The individual Departments and Areas forecast outturns are close to their budget which includes the savings targets that have already been agreed. There will be continuous reviews and challenges to these forecast outturns to identify further opportunities for savings to help support the Force Re-structure and deployment of additional resources to the front line.
- 2.2 The Period 6 revenue expenditure position is an under spend of £465k which is a variance of 0.5%. This is due to vacancies in Police Officer, PCSOs and Police staff (vacancies) offset by overtime. An overspend on goods and services caused by increased Recruitment training costs due to the Recruitment drive and additionally uniform costs for increased numbers of recruits. The other significant element causing under spend is the increase to other income. This largely reflects an increase in other revenue, recovering more than expected, on the Rail Safety Camera Partnership, Secondment income from prior years, Proceeds of Crime drawdown, European Rail Police Association refund.
- 2.3 Force Restructure
- 2.3.1 The fundamental driver for a new structure now being the operational requirement to realise the 20-20-10 objectives, a significant amount of qualitative and quantitative analysis has been carried out in order to further inform proposals for the future target operating model. This has included crime, incident, disruption and response capability analysis as well as in depth internal organisational assessment, benchmarking and stakeholder analysis. Some of the most fundamental metrics are the current and expected distribution of crimes, incidents and minutes lost to disruption across the network. This was set out in the paper to the British Transport Police Authority on Force Strategic Change Programme on the 13 June 2013.



2.3.2 The costs of the Force Re-structure are set out below

Cost of change	13/14	14/15
Project team	450	200
Additions to project team	125	
Redundancy	2000	
Outplacement support	60	
Training	50	
Recruitment	130	
	2815	200

2.3.3 The Force Re-structure Project costs are funded through use of balance sheet reserves and additional savings in year. The savings generated from the new Divisional structure are then re-invested into additional Police Officers. There has been work ongoing to identify these additional savings to meet the restructure costs.

2.3.4 The table below reflects where savings have been identified in 2013/14 and that the re-structure costs can be funded.

	Details	Type	Force Restructure	Other	Total
Savings (identified)			£ '000	£ '000	£ '000
	Airwaves	Ongoing	-510	-183	-693
	Inspectors	Ongoing	-510	0	-510
	Forensics	Ongoing	-106	-79	-185
	Rent Rebates- L South/Estates	One off/Cash	-389	0	-389
	Staff Savings Finance Reviews	One off/Cash	-200	0	-200
	SMOOTHING RESERVE Balance Sheet	One off/Reserve	-500	0	-500
	FORCE RESTRUCTURE RESERVE Balance Sheet	One off/Reserve	-600	0	-600
	Total Savings		-2815	-262	-3077
Proposed Expenditure					
	Force Restructure	One off	2815		2815
	Chief Inspector	Ongoing		79	79
	Change Management	One off	TBA		0
					0
					0
	Total Proposed Expenditure		2815	79	2894
	Additional Savings (-) / Budget Pressures (+)		0	-183	-183

2.4 Appendix A shows the full year forecast for each Department and Area.

2.5 Appendix B sets out the outturn position by expenditure and income classification. The expenditure elements are largely within tolerance and where these are not plans are in place to bring them into line.



3. BTP ESTABLISHMENT AND ACTUALS IN POST

3.1 Appendix D shows the establishment and actuals in post position for BTP. At Period 6 BTP was 156 FTEs or 3% below the overall establishment of 4,778 FTEs (Police Officers – 43 FTEs (1.5%) below establishment, Police Staff 108 FTEs (7%) below establishment, PCSO – 5 FTEs (1%) below establishment). Police staff recruitment is under tight review and control in light of the Strategic Change Programme.

3.2 Whilst Pay budgets are now set on the basis of the Budgeted Workforce Target (BWT) in each period, this approach combined with proactive workforce planning will ensure the maximum number of staff are employed and are affordable from BTP's pay budgets.

4. CAPITAL PROGRAMME

4.1 Table 1 below shows the Revised Capital Programme in summary and appendix C shows the detailed programme by individual scheme.

Table 1 – Summary Capital Programme

BRITISH TRANSPORT POLICE CAPITAL PROGRAMME 2013/14

Department	Original 2013/14 Budget	Revised 2013/14 Budget	P6 YTD Spend plus Commitment	Period 5 Forecast for P6 YTD Spend plus Commitment	Period 6 Full Year Forecast	Variance Budget/Forecast
	£000	£000	£000	£000	£000	£000
Estates	5,241	3,608	1,112	1,107	3,666	(58)
Technology	2,552	3,976	717	808	3,895	81
CCTV	35	17	(4)	(4)	(4)	21
Fleet	2,152	2,152	542	0	2,152	0
Other equipment etc	319	546	232	146	472	74
Contingency	900	900	0	0	900	0
TOTAL BTP FUNDED CAPITAL PROGRAMME	11,200	11,200	2,599	2,057	11,081	118

4.2 The overall outturn is £11.08m including Contingency is broadly in line with the revised budget. The detail of the Capital Programme listing each scheme is shown at Appendix C. The Network Rail funded Project CCTV Foundation and Priority Scopes are budgeted for this year at £1.8m plus VAT and £998k plus VAT respectively.



Period 6 - 2013-14				
Projects Monitoring table				
Project Name	Original Budget	Revised Budget	YTD Committed	Forecast to FYE
	£ '000	£ '000	£ '000	£ '000
CCTV Programme Foundation Scope - Phase 3	1,806	1,806	1,640	1,806
CCTV Programme Priority Scope - Phase 3	998	998	998	998
Total	2,804	2,804	2,638	2,804

4.3 In Appendix C is a phased profile of 2013/14 capital programme reflecting the best understanding of the timing of project expenditure by each portfolio area.

4.4 Estates

4.4.1 The revised capital budget for estates is £3.6m reduced from £5.2m largely reflecting the decision not to start work on the London South Custody suite £1.5m. Of the £3.6m Estates have spent £1.1m year to date or 30% of their budget including refurbishment of the HR Business Centre, Callaghan Square improvement, upgrades to air conditioning units and work associated with Birmingham New Street Station relocation. This represents a significant shift in the spend profile from previous years but for a number of schemes, because of timescales associated with specification development, contract award and lead in, approvals and site works, there remains a significant back end of year loading to spend.

4.4.2 Whilst reviews are under way to identify opportunities to start these projects earlier to ensure delivery in the year 2013/14, significant movements are unlikely. To assist in managing the well recognised risks associated with high end of year spend and not delivering to declared out-turn, the potential for bringing forward schemes proposed for 2014/15 and additional smaller schemes which might be completed in this year are now being reviewed with Areas so that an early revised programme may be developed and delivered.

4.5 Technology

4.5.1 The revised Technology Programme of £4m increased from £2.6m, reflects the revised Technology Strategy and resource availability within the Department. The expenditure to date of £717k or 18% of the programme reflects the development of a clear strategy



to identify the work required prior to committing funds to specific projects. There is a strong delivery plan managed by Stephan Gehring (Technology Programme Manager) which sees the capital spend projections spread over the remaining periods.

4.6 Other Projects & Fleet

4.6.1 The other projects have a revised budget of £546k with expenditure to date of £232k or 42% of the programme and are on schedule to deliver. Fleet although having spent £542k to date are confident of achieving the revised budget of £2.2m by year end, given that the precise details of the programme have now been agreed and that the costs and timescales for delivery are clearly defined in the draw-down supply contract to guarantee accountability.

4.7 Contingency

4.7.1 It should be noted that the £900k contingency (which reflects a reasonable level of additional funding to cover risks in a Capital Programme of this size) is spread over the last 4 periods of the year and there are currently no requests to use this funding.

5. BALANCE SHEET

5.1 The BTPA/BTP balance sheet is presented in Appendix E as at the end of the second quarter (Period 6). The bank balance as at Period 6 is £32.8m and current assets exceed current liabilities by £32.1m.

5.2 It was requested at the last Finance Committee to provide a Aged Debtor report for EPSAs. There are only two outstanding EPSA payments over 30 days, both for Stagecoach South West totalling £58k. They have paid recent invoices, but these two older ones have been missed. We are working with them to ensure payment is completed.

6. CASH FLOW

6.1 The cash flow reflects all known approved inflows and outflows and Appendix F shows the detailed analysis of cash forecast movements in 2013/14 as at Period 6. The cash flow forecast is based on known timings for income and expenditure for ongoing revenue expenditure and the capital programme.



7. RECOMMENDATION

- 7.1 That Finance Committee note the second quarter financial position and forecast for 2013/14 for the Revenue Budget, Capital Programme and Cash Flow balances as provided in this report.

- 7.2 That Finance Committee approve the revised Capital Programme for 2013/14 as set out in Appendix C.

**APPENDIX A – SUMMARY BY AREA AND DEPARTMENT**

	YTD Position as at Period 6				Forecast Position as at Period 6					
	Approved Budget	Actual	Variance		Original Budget	Budget Movements	Revised Budget	Forecast	Variance	
	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000	£'000	%
FHQ Departments										
Deputy Chief Constable	5,601	5,503	98	1.7	13,255	513	13,768	13,738	30	0.2
Corporate Resources	13,360	13,470	(110)	-0.8	44,059	(458)	43,601	43,611	(10)	0.0
ACC Operation and Restructure Review	58	65	(7)	-12.1	0	2,815	2,815	2,815	0	0.0
Total FHQ Departments:	19,019	19,038	(19)	-0.1	57,314	2,870	60,184	60,164	20	0.0
Areas & Operational Departments										
Central Operations	7,485	7,297	188	2.5	18,666	(225)	18,441	18,390	51	0.3
ACC Scotland - Contact Centres	4,185	4,195	(10)	-0.2	10,375	(213)	10,162	10,179	(17)	-0.2
London North	9,462	9,407	55	0.6	24,465	(635)	23,830	23,927	(97)	-0.4
London South	10,943	10,826	117	1.1	26,673	(464)	26,209	26,164	45	0.2
North East	7,221	7,111	110	1.5	17,448	(204)	17,244	17,215	29	0.2
North West	7,067	7,038	29	0.4	16,926	1	16,927	16,927	0	0.0
Wales and Western	7,217	7,211	6	0.1	17,768	13	17,781	17,760	21	0.1
Scotland	5,223	5,320	(97)	-1.9	12,458	(43)	12,415	12,446	(31)	-0.2
L Area	24,163	24,077	86	0.4	52,698	0	52,698	52,698	0	0.0
Total Areas & Operational Departments:	82,966	82,483	484	0.6	197,477	(1,770)	195,707	195,705	1	0.0
Savings Identified in Year	0	0	0	0.0	0	0	0	0	0	0.0
Total Net BTP	101,985	101,520	465	0.5	254,790	1,100	255,890	255,869	21	0.0
Cont. from previously identified savings	0	0	0	0.0	(1,600)	0	(1,600)	(1,600)	0	0.0
Cont. from Force Restructure Reserve*	0	0	0	0.0	0	(1,100)	(1,100)	(1,100)	0	0.0
Total Net BTP (inc. release of provisions)	101,985	101,520	465	0.5	253,190	0	253,190	253,169	21	0.0

**APPENDIX B – SUMMARY BY EXPENDITURE AND INCOME**

	YTD Position at Period 6				Forecast Position as at Period 6					
	Revised Budget	Actual	Variance		Original Budget	Budget Movements	Revised Budget	Forecast	Variance	
	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000	£'000	%
Expenditure										
Staff Costs										
Police Officer Pay	65,813	65,569	244	0.4	153,330	500	153,830	153,969	(139)	-0.1
Police Officer Overtime	2,964	3,013	(49)	-1.7	6,614	217	6,831	7,006	(175)	-2.6
PCSO Pay	4,428	4,404	24	0.5	10,306	(34)	10,272	10,349	(76)	-0.7
PCSO Overtime	46	36	10	21.7	151	(25)	126	108	18	14.3
Police Staff Pay	21,928	21,907	21	0.1	53,167	(138)	53,029	52,551	478	0.9
Police Staff Overtime	439	470	(31)	-7.1	496	421	917	950	(34)	-3.7
Non Staff Costs										
Premises	7,314	7,265	49	0.7	18,374	(55)	18,319	18,408	(89)	-0.5
Communications and Computers	4,611	4,640	(29)	-0.6	13,044	(829)	12,215	12,289	(74)	-0.6
Vehicle Costs	1,480	1,558	(78)	-5.3	3,486	57	3,543	3,629	(86)	-2.4
Travel and Hotels	668	737	(69)	-10.3	1,553	105	1,658	1,808	(150)	-9.0
Supplies and Services	5,192	5,556	(364)	-7.0	13,468	340	13,808	14,351	(543)	-3.9
Capital Charges etc.	0	(123)	123	0.0	9,429	(65)	9,364	9,205	159	1.7
Total expenditure:	114,882	115,031	(149)	-0.1	283,418	493	283,913	284,623	(711)	-0.3
Income										
Enhanced PSA	(7,768)	(7,864)	96	-1.2	(17,495)	(307)	(17,802)	(17,973)	172	-1.0
Grants	(511)	(532)	21	-4.1	0	(427)	(427)	(446)	19	-4.4
Other Income	(4,618)	(5,115)	497	-10.8	(11,134)	(1,475)	(12,609)	(13,150)	541	-4.3
Total income:	(12,897)	(13,511)	614	-4.8	(28,629)	(2,209)	(30,838)	(31,569)	732	-2.4
Savings To Support Force Restructure*	0	0	0	0.0	0	2,815	2,815	2,815	0	0.0
Total Net BTP:	101,985	101,520	465	0.5	254,790	1,100	255,890	255,868	21	0.0
Contribution from previously found savings	0	0	0	0.0	(1,600)	0	(1,600)	(1,600)	0	0.0
Contribution from Force Restructure Reserves*	0	0	0	0.0	0	(1,100)	(1,100)	(1,100)	0	0.0
Total Net BTP (inc. release of provisions)	101,985	101,520	465	0.5	253,190	(0)	253,190	253,168	21	0.0

**APPENDIX C - BTP CAPITAL PROGRAMME PROFILE 2013/14**

Department	Original 2013/14 Budget	Revised 2013/14 Budget	Period 1-6	Period 7	Period 8	Period 9	Period 10	Period 11	Period 12	Period 13	Sum	Total Budget	Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Estates	5,241	3,608	1,112	121	65	192	214	333	656	973	3,666	3,608	(58)
Technology	2,552	3,976	717	696	472	1,167	235	332	253	23	3,895	3,976	81
CCTV	35	17	(4)	0	0	0	0	0	0	0	(4)	17	21
Fleet	2,152	2,152	542	500	0	500	500	35	0	75	2,152	2,152	0
Other equipment etc	319	546	232	119	33	70	9	9	0	0	472	546	74
Contingency	900	900					100	200	200	400	900	900	0
TOTAL BTP FUNDED CAPITAL PROGRAMME	11,200	11,200	2,599	1,436	570	1,929	1,058	909	1,109	1,471	11,081	11,200	119


**BRITISH
TRANSPORT
POLICE**
APPENDIX C CAPITAL PROGRAMME - ESTATES

Scheme	Approval Requirement/Status	Original 2013/14 Budget	Revised 2013/14 Budget	P6 YTD Spend plus Commitment	Forecast	Variance Budget/Forecast	Variance Budget/Spend
		£000	£000	£000	£000	£000	£000
London South Custody	BTPA	1,500	0	0	0	0	0
Force Restructure Rationalisation	BTPA	0	391	0	391	0	391
Estate Rationalisation Programme	Chief Executive	300	176	185	185	-9	-9
FHQ Basement Upgrade	FEB	350	0	0	0	0	0
FHQ Reception/ Security	FEB	350	0	0	0	0	0
Southampton Refurbishment	FEB	300	300	0	300	0	300
Security	FEB	250	0	0	0	0	0
Leicester East Street	FEB	250	50	6	50	0	44
Birmingham New St Station	FEB	250	250	153	250	0	97
Minor Works Projects	Property Board	250	243	277	277	-34	-34
Sunderland	SIB	200	50	15	50	0	35
Wigan - relocation	SIB	150	150	0	150	0	150
Birmingham Axis (AHQ) - replacement windows	SIB	150	0	0	0	0	0
Areas Lighting Upgrades	SIB	115	115	0	115	0	115
Cambridge	SIB	100	100	0	100	0	100
Air Conditioning System Upgrades	SIB	100	0	0	0	0	0
Glasgow Empire House - Relocation to Buchanan House	SIB	100	100	2	100	0	98
Blundell St - Space Utilisation	SIB	100	100	3	100	0	97
Capitalised Staff Costs	SIB	75	75	0	75	0	75
Swansea - full refurbishment	SIB	75	75	0	75	0	75
FHQ Lighting upgrades	SIB	60	60	0	60	0	60
Pontyprid	SIB	50	50	0	50	0	50
Manchester Victoria - new accommodation	SIB	50	50	6	50	0	44
Birmingham Axis (AHQ) - refurbishment	SIB	50	0	0	0	0	0
FHQ Server room air conditioning	SIB	35	35	0	35	0	35
FHQ Air conditioning control & zoning	SIB	30	30	0	30	0	30
Nottingham	SIB	0	40	6	40	0	34
Maidstone West	SIB	0	250	0	250	0	250
Stamp Duty Land Tax Ebury Bridge	SIB	0	56	4	56	0	52
Stamp Duty Land Tax Holmes	SIB	0	37	0	37	0	37
Replacement of AV equipment in FHQ meeting room	SIB	0	55	0	55	0	55
Newcastle	SIB	0	0	0	0	0	0
York	SIB	0	0	0	0	0	0
Darlington	SIB	0	0	0	0	0	0
Spring House	SIB	0	40	39	40	0	1
FHQ- Meeting Room *	SIB	0	38	0	38	0	38
New Street, Birmingham *	SIB	0	164	31	164	0	133
Air Conditioning Upgrades*	SIB	0	120	78	120	0	42
FHQ Server Room *	SIB	0	34	20	34	0	14
Callaghan Square (Improvements) *	SIB	0	120	109	120	0	10
Guilford (Toilets) *	SIB	0	95	4	95	0	91
HRBC - Improvements (Restructure) *	SIB	0	159	174	174	-15	-15
Total Estates		5,241	3,608	1,112	3,666	-58	2,496



**BRITISH
TRANSPORT
POLICE**

APPENDIX C - CAPITAL PROGRAMME -Technology

Scheme	Approval Requirement/ Status	Original 2013/14 Budget £000	Revised 2013/14 Budget £000	P6 YTD Spend plus £000	Forecast £000	Variance Budget/Forecast £000	Variance Budget/Sp end £000
Desktop Virtualisation	BTPA	1,100	0	0	0	0	0
Infrastructure Maintenance	FEB	200	200	101	194	6	99
Iccs System Upgrade	FEB	100	100	40	99	1	60
Airwave Replacement & Upgrade	SIB	350	350	0	348	2	350
Data Optimisation	SIB	185	0	0	0	0	0
Airwave Covert	SIB	110	110	0	109	1	110
Cyclic Replace Prog-Laptops	SIB	100	100	4	99	1	96
Information Management Systems	SIB	80	0	0	0	0	0
Messaging (Outlook & Blackberry)	SIB	70	70	0	70	0	70
Network Security	SIB	50	50	0	30	20	50
Data Centralisation	SIB	40	40	0	0	40	40
Active Directory Management and Maintenance	SIB	30	30	0	0	30	30
Disaster Recovery Investment	SIB	0	0	0	0	0	0
London Bridge Airwave Scheme	SIB	27	27	0	0	27	27
Technology Board Operational Development	Tech Board	100	100	81	96	4	19
Telephone Handsets Spares	Tech Board	10	10	0	10	0	10
Cyclic Replacement- Desktops	Chief	0	353	102	351	2	251
Creation of an Enterprise Data Warehouse	SIB	0	192	6	255	-63	186
Essential Modifications to support the Force Restructure	Chief	0	300	0	300	0	300
Replacement of the ANPR Back-Office Facility	SIB	0	66	0	66	0	66
Redevelopment of the Force Intranet	SIB	0	60	0	60	0	60
Replacement of the Intranet Platform *	SIB	0	60	0	60	0	60
Installation of Additional Server and Storage Capacity*	Chief	0	403	290	403	0	113
Installation of Additional Backup Storage*	Chief	0	420	0	420	0	420
Optimisation of the Force Network*	Chief Exec	0	720	0	720	0	720
Upgrade to Windows and MS Office/Exchange 2010*	Tech Board	0	30	0	30	0	30
E-Custody Project - Foot Pedal Control Units	Tech Board	0	10	0	10	0	10
E-Custody Project – Livescan Interface	Tech Board	0	13	0	13	0	13
Case system project – capital funding requirement	SIB	0	54	0	47	7	54
Disaster Recovery Phase 2*	BTPA	0	108	93	104	4	15
Total Technology		2,552	3,976	717	3,895	81	3,259

CCTV

Scheme	Approval Requirement/ Status	Original 2013/14 Budget £000	Revised 2013/14 Budget £000	P6 YTD Spend £000	Forecast £000	Variance Budget/Forecast £000	Variance Budget/Sp end £000
Retrieval Cadre Equipment	SIB	17	17	0	0	17	17
Siraview Software	SIB	18	0	-4	-4	4	4
Total CCTV		35	17	-4	-4	21	21


**BRITISH
TRANSPORT
POLICE**
APPENDIX C CAPITAL PROGRAMME - FLEET

Fleet							
Scheme	Approval Requirement/Status	Original 2013/14 Budget	Revised 2013/14 Budget	P6 YTD Spend plus Commitment	Forecast	Variance Budget/Forecast	Variance Budget/Spend
		£000	£000	£000	£000	£000	£000
Fleet Replacement Programme	SIB	2,077	2,077	542	2,077	0	1,535
Unplanned insurance write off provision	SIB	75	75	0	75	0	75
		2,152	2,152	542	2,152	0	1,610

Other Equipment							
Scheme	Approval Requirement/Status	Original 2013/14 Budget	Revised 2013/14 Budget	P6 YTD Spend plus Commitment	Forecast	Variance Budget/Forecast	Variance Budget/Spend
		£000	£000	£000	£000	£000	£000
Deputy Chief Constables							
Integrated Audit Software	SIB	50	50	0	50	0	50
Social Media and Marketing	SIB	23	23	5	23	0	18
Vigilance Pro	SIB	0	75	19	75	0	56
Replacement of Photographic Equipment	SIB	133	133	136	160	-27	-3
Freezers	SIB	20	20	0	20	0	20
HTCU Fibre Optic cabling for server	Tech Board	15	15	0	0	15	15
Upgrade to Fingerprint SP lift printer - <i>new</i>	Tech Board	6	6	0	0	6	6
KIM/Socrates Link - <i>new</i>	Tech Board	12	12	0	12	0	12
Rapid DNA Profiling Equipment	Tech Board	0	0	0	0	0	0
Replacement of Photographic workstation	SIB	0	12	11	12	0	1
SRU Equipment							
Thermo Identifinder 2	SIB	60	60	0	60	0	60
Corporate Resources							
Information Management	SIB	0	80	0	0	80	80
Crime							
Pegasus Upgrade	SIB	0	60	60	60	0	0
		319	546	232	472	74	314



APPENDIX D – BRITISH TRANSPORT POLICE BUDGET WORKFORCE TARGET AS AT PERIOD 6

Table 1: Area Budgeted Workforce Target	Police Officers				Police Staff				PCSOs				Total Employees			
	Annualised BWT (FTE)	Period 6 BWT (FTE)	Actual in Post Period 6 (FTE)	Net Vacancies against Period BWT (FTE)	Annualised BWT (FTE)	Period 6 BWT (FTE)	Actual in Post Period 6 (FTE)	Net Vacancies against Period BWT (FTE)	Annualised BWT (FTE)	Period 6 BWT (FTE)	Actual in Post Period 6 (FTE)	Net Vacancies against Period BWT (FTE)	Annualised BWT (FTE)	Period 6 BWT (FTE)	Actual in Post Period 6 (FTE)	Net Vacancies against Period BWT (FTE)
London North	452	457	440	-17	94	91	89	-2	97	96	99	3	643	644	628	-16
London South	408	402	397	-5	84	84	76	-8	51	53	54	1	543	539	527	-12
London Underground	670	670	676	6	247	247	220	-27	106	106	104	-2	1,023	1,023	1000	-23
North East	277	282	273	-9	66	63	59	-4	16	17	16	-1	359	362	348	-14
North West	257	255	253	-2	60	60	55	-5	32	36	35	-1	349	351	343	-8
Scotland	223	228	231	3	53	51	48	-3	No PCSOs in Scotland				276	279	279	0
Wales & Western	258	258	257	-1	71	71	69	-2	63	63	58	-5	392	392	384	-8
Total Areas	2,545	2,552	2,527	-25	675	667	616	-51	364	371	366	-5	3,585	3,590	3,509	-81

Table 2: FHQ Departments Budgeted Workforce Target	Police Officers				Police Staff				PCSOs				Total Employees			
	Annualised BWT (FTE)	Period 6 BWT (FTE)	Actual in Post Period 6 (FTE)	Net Vacancies against Period BWT (FTE)	Annualised BWT (FTE)	Period 6 BWT (FTE)	Actual in Post Period 6 (FTE)	Net Vacancies against Period BWT (FTE)	Annualised BWT (FTE)	Period 6 BWT (FTE)	Actual in Post Period 6 (FTE)	Net Vacancies against Period BWT (FTE)	Annualised BWT (FTE)	Period 6 BWT (FTE)	Actual in Post Period 6 (FTE)	Net Vacancies against Period BWT (FTE)
ACC Scotland	27	27	28	1	241	241	237	-4					268	268	265	-3
Central Operations	245	244	225	-19	86	86	79	-7					331	330	304	-26
Corporate Resources	30	30	32	2	328	319	294	-25					358	349	326	-23
DCC Group	26	26	24	-2	199	206	185	-21					225	232	209	-23
Force Review	2	2	2	0	9	7	7	0					11	9	9	0
Total FHQ Departments	330	329	311	-18	863	859	802	-57					1,193	1,188	1,113	-75

Table 3: Overall Budgeted Workforce Target	Police Officers				Police Staff				PCSOs				Total Employees			
	Annualised BWT (FTE)	Period 6 BWT (FTE)	Actual in Post Period 6 (FTE)	Net Vacancies against Period BWT (FTE)	Annualised BWT (FTE)	Period 6 BWT (FTE)	Actual in Post Period 6 (FTE)	Net Vacancies against Period BWT (FTE)	Annualised BWT (FTE)	Period 6 BWT (FTE)	Actual in Post Period 6 (FTE)	Net Vacancies against Period BWT (FTE)	Annualised BWT (FTE)	Period 6 BWT (FTE)	Actual in Post Period 6 (FTE)	Net Vacancies against Period BWT (FTE)
	2,875	2,881	2,838	-43	1,538	1,526	1,418	-108	364	371	366	-5	4,778	4,778	4,622	-156


**BRITISH
TRANSPORT
POLICE**
APPENDIX E BALANCE SHEET AS AT 31 August 2013

Statement of Financial Position as at		Aug 31, 2013
		£
Intangible Non Current Assets		
Software and Licences		6,379,446
Tangible Non Current Assets		
Land & Buildings	30,375,637	
Plant & Machinery	8,060,407	
Motor Vehicles	7,286,699	
Fixtures & Fittings	834,923	
Information Technology	7,117,903	
	<u>53,675,568</u>	
Total Non-Current Assets		<u>60,055,014</u>
Current Assets		
Inventories		555,570
Receivables		
- Accounts Receivable	15,481,181	
- Other Receivables	1,514,819	
- Income Accruals	8,539,730	
- Prepayments	4,540,786	
	<u>29,742,009</u>	
Cash and cash equivalents		
- Bank	32,795,071	
- Petty Cash	11,081	
	<u>32,806,152</u>	
Current Liabilities		
Trade Payables		(3,059,532)
Accruals		(7,200,449)
Payroll Payables		(20,152,078)
Other Payables		(629,452)
		<u>32,062,220</u>
Net Current Assets/(Liabilities)		<u>92,117,233</u>
Total Assets less Current Liabilities		
Add:		
Non Current Receivables		0
Less:		
Payables falling due after more than one year		(1,028,442)
Provisions for liabilities and charges		(1,028,383)
		<u>90,060,409</u>
Net assets excluding pension liability		<u>90,060,409</u>
Pension liability		(474,180,000)
TOTAL ASSETS LESS LIABILITIES		<u>(384,119,591)</u>
FINANCED BY:		
General Reserve		84,555,519
Revaluation Reserve		5,504,890
Pension Reserve		(474,180,000)
		<u>(384,119,591)</u>

APPENDIX F FORECAST CASHFLOW POSITION TO 31st MARCH 2014

**BRITISH
TRANSPORT
POLICE**

FOR BRITISH TRANSPORT POLICE

	04-Oct	01-Nov	29-Nov	27-Dec	23-Jan	21-Feb	31-Mar
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
INCOME							
Direct Debit PSA Invoices	14,532	14,532	14,532	14,532	14,532	14,532	29,064
EPSA Invoices	1,819	1,819	1,819	1,819	1,819	2,361	2,449
LU Salaries Advance	3,500	3,500	3,500	3,500	3,500	3,500	7,000
LU Miscellaneous Invoices	180	180	180	180	180	180	360
Miscellaneous Invoices (*a)	790	790	790	790	790	790	1,580
Miscellaneous Income (Local Bankings)	77	77	77	77	77	77	154
Total Income	20,898	20,898	20,898	20,898	20,898	21,440	40,607
EXPENDITURE							
Salaries	(9,100)	(9,100)	(9,100)	(9,100)	(9,100)	(9,100)	(18,200)
Tax & National Insurance	(3,883)	(3,883)	(7,766)	(3,883)	(3,883)	(3,883)	(7,766)
Pensions	(2,885)	(5,770)	(2,885)	(2,885)	(2,885)	(2,885)	(5,770)
Other Salary Expenditure	(230)	(230)	(230)	(230)	(230)	(230)	(460)
VAT	(106)	(106)	(106)	(106)	(106)	(106)	(212)
Payments For Goods & Services	(4,800)	(4,800)	(4,800)	(4,800)	(4,800)	(4,800)	(9,600)
Total Expenditure	(21,004)	(23,889)	(24,887)	(21,004)	(21,004)	(21,004)	(42,008)
Total Income	20,898	20,898	20,898	20,898	20,898	21,440	40,607
Total Expenditure - Revenue	(20,368)	(23,371)	(23,437)	(20,410)	(20,113)	(19,761)	(38,281)
Total Expenditure - Capital	(636)	(518)	(1,450)	(594)	(891)	(1,243)	(3,727)
Total Cash Inflow /(Outflow)	(106)	(2,991)	(3,989)	(106)	(106)	436	(1,401)
Opening Bank balance	27,513	26,588	23,597	19,608	19,502	19,396	19,832
Closing Bank balance	26,588	23,597	19,608	19,502	19,396	19,832	18,431

*a Includes West Coast £4.9m

GROSS BTP/A BUDGET AND FORECAST AS AT QUARTER 2 2013/14

2013/14		Quarter 2 YTD Actual £'000	Quarter 2 YTD Forecastt £'000	Quarter 2 YTD Variance £'000	Full Year Forecast £'000	Full Year Budget as presented in Quarter 2 report £'000	Full Year Variance £'000	Full Year Original Budget £'000	2012/13 Final £000
TOTAL GROSS REVENUE									
Core PSA holders (ex L U contribution included below)	#	90,920	90,920	-	196,994	196,994	-	196,994	188,216
L Area contribution to overheads core	#	2,478	2,478	-	5,368	5,368	-	5,368	5,235
Grant in Aid – DfT irrecoverable gap	#	-	-	-	-	-	-	-	5,388
Core PSA Charge		93,398	93,398	-	202,362	202,362	-	202,362	198,839
Provision release		0	0	-	1,600	1,600	-	1,600	1,738
BTP/A Budget gross of £1,600k previous year savings		93,398	93,398	-	203,962	203,962	-	203,962	200,577
L Area contribution to overheads non core	#	1,947	1,947	-	4,218	4,218	-	4,218	4,130
L Area core PSA	#	24,322	24,322	-	52,698	52,698	-	52,698	51,485
Enhanced PSA holders		7,864	7,768	96	17,973	17,802	171	18,715	19,380
Other income (inc Olympics in 2012-13)		3,168	2,671	497	8,932	8,391	541	5,648	12,523
Release of balance sheet provisions		-	-	-	-	-	-	-	1,044
Grants		532	511	21	446	427	19	-	4,123
TOTAL GROSS REVENUE		131,231	130,617	614	288,229	287,498	731	285,241	293,262
TOTAL GROSS COSTS									
Gross costs as reported by BTP		115,031	114,882	(149)	284,797	284,087	(710)	283,371	290,212
BTPA		566	617	51	1,870	1,870	-	1,870	1,870
Savings to support force restructure		-	-	-	1,541	1,541	0	-	1,000
TOTAL GROSS COSTS		115,597	115,499	(98)	288,208	287,498	(710)	285,241	293,082
Savings identified in year		-	-	-	-	-	-	-	-
Actual Surplus / (Deficit)		15,633	15,117	516	21	-	21	-	180

income accrues evenly over 13 periods

Note only : Gross Income reconciliation to PSA Charges	2013/14	2013/14	2012/13 Full
	Full Year Budget as presented in Q2 report £000	Full Year Original Budget £000	Year Budget £000
Gross Income	287,498	285,241	293,262
Less EPSA Income	(17,802)	(18,715)	(19,380)
Less other income	(8,391)	(5,648)	(12,523)
Less other grants	(427)	-	(4,123)
Less L Area income (core)	(52,698)	(52,698)	(51,485)
Less L Area additional overhead funding netted off in budget	(4,218)	(4,218)	(4,130)
BTP/A Budget gross of £1,600k provision release	203,962	203,962	201,621
BTPA Budget	1,870	1,870	1,870
BTP Budget gross of £1,600k provision release	202,092	202,092	200,307
As above	203,962	203,962	202,177
Less provision release	(1,600)	(1,600)	(3,338)
Core PSA Charges	202,362	202,362	198,839

BTPA 2013/14 Budget Monitoring - Quarter 2

	YTD Quarter 2 2013/14			2013/14					2012/13	
	Actual YTD £	Q2 Forecast		Q1 Forecast £	Revisions to Q1 Forecast		FY Budget £	FY budget vs. forecast variance £	FY Actual £	FY Budget £
		YTD £	Variance YTD £		Q2 Forecast	Q1 Forecast				
Staff Salaries	263,785	274,798	11,013	660,341	6,888	667,229	682,927	15,698	593,145	644,900
Temporary Staff	26,664	21,120	(5,544)	31,944	-	31,944	10,560	(21,384)	46,200	55,352
Members Salaries	87,259	87,259	-	255,740	(4,287)	251,453	266,410	14,957	246,288	270,660
TOTAL STAFF COSTS	377,708	383,177	5,469	948,025	2,601	950,626	959,897	9,271	885,633	970,912
Travel and hotel costs (inc Expenses)	8,293	12,027	3,734	40,212	(2,601)	37,611	38,000	389	19,373	41,750
Premise and office costs	55,300	56,343	1,043	128,258	-	128,258	132,258	4,000	141,672	135,426
Appeals and Independent custody visiting	(1,762)	11,000	12,762	32,000	-	32,000	32,000	-	26,179	50,000
Total consultancy	81,872	81,250	(622)	145,000	45,000	190,000	110,000	(80,000)	140,105	85,000
Legal fees	7,141	26,250	19,109	155,000	(45,000)	110,000	176,340	66,340	233,570	188,750
External audit	-	-	-	120,000	-	120,000	120,000	-	145,000	100,000
HMIC Inspections	(2,690)	-	2,690	72,000	-	72,000	72,000	-	50,000	72,000
Internal Audit	924	-	(924)	99,840	-	99,840	99,840	-	110,810	96,000
Recruitment and training	13,368	13,000	(368)	39,665	-	39,665	39,665	-	20,739	37,275
Other (Communications, Subscriptions and admin costs)	26,134	34,293	8,159	90,000	-	90,000	90,000	-	78,324	94,810
Transfer to contingency	-	-	-	-	-	-	-	-	20,518	-
TOTAL NON STAFF COSTS	188,580	234,163	45,583	921,975	(2,601)	919,374	910,103	(9,271)	986,290	901,011
TOTAL BTPA COSTS	566,288	617,340	51,052	1,870,000	0	1,870,000	1,870,000	-	1,871,923	1,871,923

Report to: Finance Committee
Agenda item: 5
Date: 18 October 2013
Subject: BTPA 2013/14 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 financial position at the end of quarter 2 (period 6) and sets out the full year forecast spend for 2013/14 for both the gross BTP fund and the Authority. Core debtors are no longer included as all the main PSA holders pay by direct debit. It should be noted that Virgin West Coast are up to date with their payments.

2. BTP Fund Gross Budget Quarter 2 2013/14

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 £15.6 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 £516k, made up of £51k favourable variance for the Authority and £465k under spend for the force. The current full year forecast shows a £21k surplus, all of which is attributable to BTP.

3. Authority - Financial Position Quarter 2 2013/14

3.1 At the end of quarter 1 against a budget of £617.3k, the Authority has incurred expenditure of £566.3k, an under spend of £51k. 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 2013/14 Q2	617.3
Underspend on staff salaries (inc temp staff)	(11.0)
Overspend on temporary staff	5.5
Underspend on legal fees	(19.1)
Underspend on Appeal costs and Independent Custody visits	(12.8)
Other net under spends	(13.6)
Actual 2013/14 Q2	566.3

3.3 **Total Staff and Member costs** are under spent by £11.0k in the first half of the year. There is a staff vacancy in the Authority Executive for the Charging Model Management Accountant. Although the selection process was complete and the new member of staff was due to commence in September, he has decided to not take up the position, so the recruitment process has begun. We have therefore extended Mike Spracklins contract to April, to ensure the charging model is run smoothly. In the period temporary staff costs were overspent by £5.5k which represents one month's charges. The forecast will be reviewed in period 8 to ensure costs savings are identified to offset the additional temporary staff costs. Member salaries are in line with the phased forecast.

3.4 **Non staff costs** are under spent by £45.6k at the end of the second quarter. The major reason for this under spend is because of under spends in legal costs and appeals, which are well below budget. Consultancy costs are in line with the revised forecast but it may be necessary to further increase the forecast to accommodate additional costs being incurred for the triennial review and additional professional advice on the pensions strategy for the police officer scheme. The legal work relating to pensions will be purchased through the police national legal service framework and will be negotiated by the procurement

team at BTP. These additional costs are being funded through savings in staff costs and solicitors fees

4. BTPA Financial Forecast 2013/14

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 April 2013 PSA or the charging model or more work materialises on the Triennial review. The forecast has been amended by reducing the legal costs and increasing support on consultancy.

4.2 A further review of the forecast will be completed during period 8 and will be presented to the Finance Committee in January.

5. Recommendations

5.1 That Members note the gross budget, year to date spend and the full year forecast.