

Report to: Finance Committee
Agenda item: 4
Date: 16 July 2013
Subject: BTPA 2013/14 Quarter 1
Sponsor: Authority Finance Director
For: Discussion and Noting

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1. Purpose of paper

- 1.1 This paper details the financial position at the end of quarter 1 (period 3) and sets out the full year forecast spend for 2013/14 for both the gross BTP fund and the Authority. It also presents information on the core PSA debtors as at the end of period 3.

2. BTP Fund Gross Budget Quarter 1 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 £11 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 £12k, made up of £11k adverse variance for the Authority and £23k under spend for the force. The current forecast shows a £243k deficit, all of which is attributable to BTP.

3. Authority - Financial Position Quarter 1 2013/14

- 3.1 At the end of quarter 1 against a budget of £261.2k, the Authority has incurred expenditure of £272.4k, an over spend of £11.2k. 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 Q1	261.2
Underspend on staff salaries (inc temp staff)	(8.0)
Under spend on temporary staff	(5.0)
Under spend on member salaries	(2.8)
Overspend on recruitment	3.8
Overspend on legal fees	5.6
Overspend on property costs	9.1
Over spend on consultancy / pensions advice	7.6
Other net over spends	0.9
2013/14 Q1 Actual	272.4

3.3 **Total Staff and Member costs** are under spent by £15.8k in the first quarter of the year. There is a staff vacancy in the Authority Executive for the Charging Model Management Accountant. Although the selection process is underway, the temporary member of staff who has fulfilled the role over the past three years and was due to leave at the end of May has agreed to stay until at least September to ensure a smooth transition and also to ensure that all the analysis work currently underway is completed. We will need to reassess this role if any legal challenge is forthcoming on the charging model. Member salaries are marginally under spent. Although five new members have now been recruited to join the existing 9 members, their start date has been delayed until September which will lead to a cost saving against budget.

3.4 **Non staff costs** are over spent by £27.0k at the end of the first quarter. The major reason for this over spend is because of the phasing of the budget. A meeting is being held with BTP finance to profile the budget correctly. In conjunction with this a brief review of the budget has been undertaken and it is proposed to allocate a further £21k to temporary staff as outlined in paragraph 3.3 above and it is proposed to allocate a further £35k to consultancy. The additional amount for consultancy is to cover support on the triennial review and also to cover additional support on the important pension's strategy project. 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,
- 4.2 A further review of the forecast will be completed as at period 6 and will be presented to the Finance group in October for comment.

5. Core PSA Debtors position at 2013/14 Year End

- 5.1 As all core PSA holders on the new PSA now pay by direct debit, the level of debtors is very low as they pay within the accounting period.
- 5.2 An aged debtors listing is therefore less useful. However the Authority Executive continues to receive the much shorter aged debtors listing and the major issue at the end of period 3 was that LU had not raised a purchase order for payment of their overhead contribution. When this was notified to the Authority FD, this issue was raised with their Head of Finance and the order number is now in place and a payment of £2.9m is expected shortly.
- 5.3 On West Coast the direct debits will not be in place until the PSA is signed but in the meantime payments are being made promptly.

6. Recommendations

- 6.1 That Members note the gross budget, year to date spend, the full year forecast and the core PSA debtor position.

GROSS BTP/A BUDGET AND FORECAST AS AT QUARTER 1 2013/14

2013/14		Quarter 1 YTD Actual £'000	Quarter 1 YTD Budget £'000	Quarter 1 YTD Variance £'000	Full Year Forecast £'000	Full Year Budget as presented in Quarter 1 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)	#	45,460	45,460	-	196,994	196,994	-	196,994	188,216
L Area contribution to overheads core	#	1,239	1,239	-	5,368	5,368	-	5,368	5,235
Grant in Aid – DfT irrecoverable gap	#	-	-	-	-	-	-	0	5,388
Core PSA Charge		46,699	46,699	-	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		46,699	46,699	-	203,962	203,962	-	203,962	200,577
L Area contribution to overheads non core	#	973	973	-	4,218	4,218	-	4,218	4,130
L Area core PSA	#	12,161	12,161	-	52,698	52,698	-	52,698	51,485
Enhanced PSA holders		4,016	3,934	82	19,630	19,591	39	18,715	19,380
Other income inc Olympics		1,123	1,003	120	6,822	6,618	204	5,648	12,523
Release of balance sheet provisions		-	-	-	-	-	-	-	1,044
Grants		132	132	-	343.0	343	-	-	4,123
TOTAL GROSS REVENUE		65,104	64,902	202	287,673	287,430	243	285,241	293,262
TOTAL GROSS COSTS									
Gross costs as reported by BTPA		53,443	53,264	(179)	285,576	285,090	(486)	283,371	290,212
BTPA		272	261	(11)	1,870	1,870	-	1,870	1,870
Savings to support force restructure		-	-	-	470	470	0	-	1,000
TOTAL GROSS COSTS		53,715	53,525	(190)	287,916	287,430	(486)	285,241	293,082
Savings identified in year		-	-	-	-	-	1,600	-	-
Actual Surplus / (Deficit)		11,389	11,377	12	(243)	-	(243)	-	180

income accrues evenly over 13 periods

Note only : Gross Income reconciliation to PSA Charges	2013/14		
	Full Year Budget as presented in Q1 report £'000	2013/14 Full Year Original Budget £'000	2012/13 Full Year Budget £'000
Gross Income	287,430	285,241	293,262
Less EPSA Income	(19,591)	(18,715)	(19,380)
Less other income	(6,618)	(5,648)	(12,523)
Less other grants	(343)	-	(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 1

	YTD Quarter 1 2013/14			2013/14					2012/13	
	Actual YTD £	Budget YTD £	Variance YTD £	Original Budget £	Revisions to Q1 Forecast	Q1 Forecast	FY Budget £	FY budget vs. forecast variance £	FY Actual £	FY Budget £
Staff Salaries	118,468	126,424	7,956	682,927	(22,586)	660,341	682,927	22,586	593,145	644,900
Temporary Staff	5,544	10,560	5,016	10,560	21,384	31,944	10,560	(21,384)	46,200	55,352
Members Salaries	46,555	49,351	2,796	266,410	(10,670)	255,740	266,410	10,670	246,288	270,660
TOTAL STAFF COSTS	170,567	186,335	15,768	959,897	(11,872)	948,025	959,897	11,872	885,633	970,912
Travel and hotel costs (inc Expenses)	2,336	6,359	4,023	38,000	2,212	40,212	38,000	(2,212)	19,373	41,750
Premise and office costs	36,161	27,057	(9,104)	132,258	(4,000)	128,258	132,258	4,000	141,672	135,426
Appeals and Independent custody visiting	1,009	-	(1,009)	32,000	-	32,000	32,000	-	26,179	50,000
Total consultancy	35,120	27,500	(7,620)	110,000	35,000	145,000	110,000	(35,000)	140,105	85,000
Legal fees	11,914	6,340	(5,574)	176,340	(21,340)	155,000	176,340	21,340	233,570	188,750
External audit	-	-	-	120,000	-	120,000	120,000	-	145,000	100,000
HMIC Inspections	270	-	(270)	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	3,765	-	(3,765)	39,665	-	39,665	39,665	-	20,739	37,275
Other (Communications, Subscriptions and admin costs)	10,378	7,617	(2,761)	90,000	-	90,000	90,000	-	78,324	94,810
Transfer to contingency	-	-	-	-	-	-	-	-	20,518	-
TOTAL NON STAFF COSTS	101,877	74,873	(27,004)	910,103	11,872	921,975	910,103	(11,872)	986,290	901,011
TOTAL BTPA COSTS	272,444	261,208	(11,236)	1,870,000	0	1,870,000	1,870,000	-	1,871,923	1,871,923