

Report to: Finance Committee
Agenda item: 4
Date: 16 January 2014
Subject: BTPA 2013/14 Quarter 3
Sponsor: Chief Executive
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 3 (period 9) and sets out the full year forecast spend for 2013/14 for the gross BTP fund and an update current position of the Executive budget. Core debtors are no longer included as all the main PSA holders pay by direct debit. It should be noted that an amended PSA has been sent to Virgin West Coast for signature.

2. BTP Fund Gross Budget Quarter 3 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 £21.4 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 £128k favourable variance for the Authority and £388k under spend for the force.

3. Authority - Financial Position Quarter 3 2013/14

3.1 At the end of quarter 3 against a budget of £973.8k, the Authority has incurred expenditure of £846.1k, an under spend of £127k. 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 Q3	973.8
Underspend on staff salaries (inc temp staff)	(22.4)
Underspend on legal fees	(21.4)
Underspend on Appeal costs and Independent Custody visits	(12.8)
Underspend Consultancy	(30.8)
Other net under spends	(40.4)
Actual 2013/14 Q2	846.1

3.3 Total Staff and Member costs are under spent by £22.1 at the end of quarter 3. One new member of staff started during the quarter with another two due to start in quarter 4. The costs for these posts will appear in the quarter 4.

3.4 Non staff costs are under spent by £105.5k at the end of the third quarter. The major reason for this under spend is because of under spends in legal costs and appeals and consultancy spend. But the underspend within these areas will be used to fund the pensions strategy work that has started. This will also be used to fund any additional costs incurred due to the triennial review.

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 The Chief Executive will need to manage the potential cost pressure of the Authority Interim Finance Director. At present this can be funded within the current underspend. It is anticipated that the appointed person will start in mid February

for a minimum of six months. These additional costs will need to be recognised as a cost pressure on the 2014/15 Executive budget and managed accordingly.

5. Recommendations

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

GROSS BTP/A BUDGET AND FORECAST AS AT QUARTER 3 2013/14

2013/14		Quarter 3 YTD Actual	Quarter 3 YTD Budget	Quarter 3 YTD Variance	Full Year Forecast	Full Year Budget as presented in Quarter 3 report	Full Year Variance	Full Year Original Budget	2012/13 Final
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£000
TOTAL GROSS REVENUE									
Core PSA holders	#	136,380	136,380	-	196,994	196,994	-	196,994	188,216
(ex L U contribution included below)									
L Area contribution to overheads core	#	3,716	3,716	-	5,368	5,368	-	5,368	5,235
Grant in Aid – DfT irrecoverable gap	#	-	-	-	-	-	-	-	5,388
Core PSA Charge		140,097	140,097	-	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		140,097	140,097	-	203,962	203,962	-	203,962	200,577
L Area contribution to overheads non core	#	2,920	2,920	-	4,218	4,218	-	4,218	4,130
L Area core PSA	#	35,861	35,740	121.0	52,698	52,698	-	52,698	51,485
Enhanced PSA holders		12,226	12,404	178.0	18,296	18,540	-244	18,715	19,380
Other income (inc Olympics in 2012-13)		8,155	7,680	475.0	9,379	8,861	518	5,648	12,523
Release of balance sheet provisions		-	-	-	-	-	-	-	1,044
Grants		780	842	(62)	1,000	1,029	(29)	-	4,123
TOTAL GROSS REVENUE		200,039	199,683	356	289,553	289,308	245	285,241	293,262
TOTAL GROSS COSTS									
Gross costs as reported by BTP		177,728	177,760	31	284,948	284,923	(25)	283,371	290,212
BTPA		846	974	128	1,870	1,870	-	1,870	1,870
Savings to support force restructure		-	-	-	2,515	2,515	0	-	1,000
TOTAL GROSS COSTS		178,574	178,734	160	289,333	289,308	(25)	285,241	293,082
Savings identified in year									-
Actual Surplus / (Deficit)		21,465	20,949	516	220	0	220		180

income accrues evenly over 13 periods

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

BTPA 2013/14 Budget Monitoring - Quarter 3

	YTD Quarter 3 2013/14			2012/13	
	Actual YTD £	Q3 YTD - Budget £	Variance YTD £	FY Actual £	FY Budget £
Staff Salaries	404,583	426,949	22,366	391,417	422,070
Temporary Staff	31,944	31,944	-	20,592	36,092
Members Salaries	145,036	144,828	(208)	146,831	176,970
TOTAL STAFF COSTS	581,563	603,721	22,158	558,840	635,132
Travel and hotel costs (inc Expenses)	19,274	20,816	1,542	9,961	24,356
Premise and office costs	91,129	94,309	3,180	90,114	88,548
Appeals and Independent custody visiting	(1,762)	11,000	12,762	17,665	32,692
Total consultancy	91,729	122,500	30,771	36,748	55,577
Legal fees	28,633	50,000	21,367	142,608	123,413
External audit	-	-	-	20,000	11,538
HMIC Inspections	(2,690)	-	2,690	-	47,077
Internal Audit	(3,696)	-	3,696	66,708	62,769
Recruitment and training	15,878	21,000	5,122	2,360	24,372
Other (Communications, Subscriptions and admin costs)	26,072	50,490	24,418	57,050	63,992
Transfer to contingency	-	-	-	-	-
TOTAL NON STAFF COSTS	264,567	370,115	105,548	443,214	534,334
TOTAL BTPA COSTS	846,130	973,836	127,706	1,002,054	1,169,466