

**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

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## 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:

	<b>£000</b>
<b>Budget 2013/14 Q2</b>	<b>617.3</b>
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)
<b>Actual 2013/14 Q2</b>	<b>566.3</b>

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.

## 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
<b>TOTAL GROSS REVENUE</b>									
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
<b>Core PSA Charge</b>		<b>93,398</b>	<b>93,398</b>	<b>-</b>	<b>202,362</b>	<b>202,362</b>	<b>-</b>	<b>202,362</b>	<b>198,839</b>
Provision release		0	0	-	1,600	1,600	-	1,600	1,738
<b>BTP/A Budget gross of £1,600k previous year savings</b>		<b>93,398</b>	<b>93,398</b>	<b>-</b>	<b>203,962</b>	<b>203,962</b>	<b>-</b>	<b>203,962</b>	<b>200,577</b>
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
<b>TOTAL GROSS REVENUE</b>		<b>131,231</b>	<b>130,617</b>	<b>614</b>	<b>288,229</b>	<b>287,498</b>	<b>731</b>	<b>285,241</b>	<b>293,262</b>
<b>TOTAL GROSS COSTS</b>									
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
<b>TOTAL GROSS COSTS</b>		<b>115,597</b>	<b>115,499</b>	<b>(98)</b>	<b>288,208</b>	<b>287,498</b>	<b>(710)</b>	<b>285,241</b>	<b>293,082</b>
Savings identified in year		-	-	-	-	-	-	-	-
<b>Actual Surplus / (Deficit)</b>		<b>15,633</b>	<b>15,117</b>	<b>516</b>	<b>21</b>	<b>-</b>	<b>21</b>	<b>-</b>	<b>180</b>

# income accrues evenly over 13 periods

Note only : Gross Income reconciliation to PSA Charges	2013/14		
	Full Year Budget as presented in Q2 report £'000	2013/14 Full Year Original Budget £'000	2012/13 Full Year Budget £'000
	<b>Gross Income</b>	<b>287,498</b>	<b>285,241</b>
<b>Less EPSA Income</b>	<b>(17,802)</b>	<b>(18,715)</b>	<b>(19,380)</b>
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)
<b>BTP/A Budget gross of £1,600k provision release</b>	<b>203,962</b>	<b>203,962</b>	<b>201,621</b>
<b>BTPA Budget</b>	<b>1,870</b>	<b>1,870</b>	<b>1,870</b>
<b>BTP Budget gross of £1,600k provision release</b>	<b>202,092</b>	<b>202,092</b>	<b>200,307</b>
<b>As above</b>	<b>203,962</b>	<b>203,962</b>	<b>202,177</b>
<b>Less provision release</b>	<b>(1,600)</b>	<b>(1,600)</b>	<b>(3,338)</b>
<b>Core PSA Charges</b>	<b>202,362</b>	<b>202,362</b>	<b>198,839</b>

**BTPA 2013/14 Budget Monitoring - Quarter 2**

	YTD Quarter 2 2013/14			2013/14					2012/13	
	Actual YTD £	Q2 Forecast YTD £	Variance YTD £	Q1 Forecast £	Revisions to Q1 Forecast	Q2 Forecast	FY Budget £	FY budget vs. forecast variance £	FY Actual £	FY Budget £
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
<b>TOTAL STAFF COSTS</b>	<b>377,708</b>	<b>383,177</b>	<b>5,469</b>	<b>948,025</b>	<b>2,601</b>	<b>950,626</b>	<b>959,897</b>	<b>9,271</b>	<b>885,633</b>	<b>970,912</b>
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	-
<b>TOTAL NON STAFF COSTS</b>	<b>188,580</b>	<b>234,163</b>	<b>45,583</b>	<b>921,975</b>	<b>(2,601)</b>	<b>919,374</b>	<b>910,103</b>	<b>(9,271)</b>	<b>986,290</b>	<b>901,011</b>
<b>TOTAL BTPA COSTS</b>	<b>566,288</b>	<b>617,340</b>	<b>51,052</b>	<b>1,870,000</b>	<b>0</b>	<b>1,870,000</b>	<b>1,870,000</b>	<b>-</b>	<b>1,871,923</b>	<b>1,871,923</b>