

Report to: Finance Committee

Agenda item: 3

Date: 5 March 2015

Subject: 2015/16 Gross Budget

Sponsor: Authority Finance Director

For: Discussion and recommendation to the Full Authority

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1. Purpose of Paper

- 1.1 The purpose of this report is to present the 2015/16 Gross Budget for review and recommendation to the full Authority. In addition the MTFP future years are presented for noting.

2. Background

- 2.1 The 2015/16 net Overground budget of £210,762k was approved by the Authority on 11th December 2014.

- 2.2 The 2015/16 net Overground budget represents the total to be recharged to the Police Service Agreement (“PSA”) holders. This is broken down by:

Total cost of policing for the overground	£242,557k
Income from EPSAs and other income	(£18,283K)
Income from TFL EPSAs and other income	<u>(£13,512k)</u>
Total net Overground budget	£210,762K

- 2.3 The funding breakdown of the Overground budget was approved as follows:

	2014/15	2015/16
	£000	£000
BTP core budget	205,259	208,753
BTPA budget	1,919	2,009
Total net Overground budget	<u>207,178</u>	<u>210,762</u>
Provision release	(1,100)	(1,593)
Total core overground PSA charges	<u>206,078</u>	<u>209,169</u>
Percentage increase	+1.8%	+1.5%

3. TfL Budget

- 3.1 Discussion with TfL over the funding for Underground Operations have concluded and the proposed level of funding for 2015/16 is £56.34m. The detailed construct of the TfL funded budget is shown at appendix C, the key changes are
- An increase of £3.434m to fund an increase of 71 in staff numbers
 - A reduction of £834k to reflect the reduced direct costs of policing the DLR which have moved to the Keolis PSA contract. This equates to 22 staff members.
- 3.2 Centrally Organised Services Charge to TfL - In addition to the direct costs of policing the underground TfL also make a contribution to the costs of the Centrally Organised Services. A detailed review of these costs and charge has been undertaken and discussed with TfL (see appendix D). The resulting charge for 2015/16 is £10.593m, this is a reduction on the 2014/15 charge of 0.4% as a result of passing on to TfL the additional overhead recovery charge of £201k payable by Keolis as part of the new PSA contract relating to the DLR.
- 3.3 There are 3 further elements within the TfL EPSA agreement that cover LOROL, Enforcement on Street and Mayors 50. Each of these have been subject to contracted increases in line with the TfL EPSA agreement and agreed with the TfL and LU Finance leads. The detailed breakdown of these cost can be seen on appendix C

4. Gross Budget

- 4.1 The total gross budget cost of policing for 2015/16 is £299,731k as detailed in appendix A

5. Funding of the Gross Budget

- 5.1 The breakdown of funding for the total cost of policing is as follows:

	<u>2015/16</u>		<u>2014/15</u>
	<u>Provisional charge</u>		<u>Provisional Charge</u>
Total Cost of Policing (Per Budget)	299,731,060		289,685,000
<u>Funding streams:</u>			
Small PSA	982,887		645,425
Freight Operating Companies	271,017		305,543

London Underground	75,400,000		71,594,000
Overground PSA	201,533,317		198,786,567
EPSA	10,674,885		10,089,543
Other Income	8,371,720		7,136,000
DLR Funding through Keolis	834,000		-
Draw down from Reserves	1,593,000		1,100,000
Total Provisional charges issued	299,660,826		289,657,078
<i>Difference*</i>	- 70,234	-	27,922

**Note – The small difference in funding is due to rounding and also the timing difference between issuing overground EPSA charges and finalising the contribution from TfL. These are taken into account in the year end ‘true up’ reconciliation to actuals.*

6. Recommendations

6.1 Recommendation of the full gross budget to the Authority for approval.