

Report to: Police Authority
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Agenda Item: 6.3
Subject: BTPA 2018/22 MTFP
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1. Purpose of paper

- 1.1 The purpose of this paper is to request members to approve the BTPA 2018/22 MTFP, and to approve the related funding.

2. Background – Current BTPA 2017/18 year end Forecast

	2017/18 Budget £000	2017/18 P8 Forecast £000	2017/18 P8 Forecast vs Budget
Total Executive Budget	1,811,700	1,885,558	73,858
Total Members Budget	310,000	419,079	109,079
Total Scotland Budget	350,000	298,130	(51,870)
Total BTPA Costs	2,471,700	2,602,767	131,067

- 2.1 **Authority executive** – current year includes 2 large one off costs for redundancy costs and FD transition. These will not be repeated in future years.
- 2.2 **Authority members** overrun relates to member commissioned projects and governance work during the year. A recommendation from the Performance and delivery committee is to include a provision for governance and project work in future budgets.
- 2.3 **Project Scotland** - this project continues at pace and spend may increase in the latter part of the year.

3. BTPA 2018/22 key assumptions

- 3.1 BTPA budget should be kept in line with 3.2% RPI increase, on 2017/18 approved base budget.
- 3.2 Project Scotland costs assume to be terminated at the end of Q1 2019/20
- 3.3 Authority and Member salaries are expected to increase by 2% each year based on standard 1% inflation increases and spine point movements.

- 3.4 Non pay cost are expected to increase on average by RPI is 3.2%.
- 3.5 Capital requested at £50k per annum.

4. BTPA 2018/22 MTFP and Funding

- 4.1 In line with the above assumption, the table 1 details the BTPA budget position.

Table 1: BTPA MTFP (excluding In-year Project costs)

	2017/18 Budget £000	2017/18 P8 Forecast £000	2018/19 Budget £000	2019/20 Budget £000	2020/21 Budget £000	2021/22 Budget £000
Total pay	930,000	995,497	930,470	955,700	974,810	994,310
Total non-pay	881,700	890,061	952,194	973,511	998,631	1,045,998
Total Executive Budget	1,811,700	1,885,558	1,882,664	1,929,211	1,973,441	2,040,308
Total Members Budget	310,000	318,919	318,130	324,740	331,490	338,380
Total Scotland Budget	350,000	298,130	350,000	87,500	0	0
Total BTPA Costs	2,471,700	2,502,607	2,550,794	2,341,451	2,304,931	2,378,688

4.2 In-year Project costs

- 4.2.1 On an annual basis, the Authority is outrunning its budget mainly due to un-budgeted In-year Project costs in relation to governance reviews and project work at an average amount of £150k per annum.
- 4.2.2 For 2017/18 we estimate In-year Project costs to reach a level of £100k (as per 2.2 above).
- 4.2.3 We recommend that additional costs of £100k will be added to the Authority budget to appropriately cover In-year Project commissioned work.

4.3 Potential savings and implications

- 4.3.1 A high level exercise was undertaken across all areas of expenditure to establish whether there was potential to reduce expenditure and what the risk implications would be.

Table 2: Scope and risk assessment of potential budget reductions

Area	P8 2017/18 Forecast £000	2018/19 Budget £000	Scope for change (RAG)	Comments
Staff salaries	953	930	Yellow	Revised team structure was approved in the A&R Committee. If BTPA will co-locate we have some scope to review to EA position.
Redundancy costs	42	0	Red	2017/18 Redundancy costs were approved by A&R committee and DFT.
Total pay	995	930		
BTP related costs curried by BTPA				
Pension advise and actuarial costs	155	162	Yellow	Reducing spend in the areas would lead to a lack of expert advice and inaccurate information in financial statements. Pension provider is currently under tender.
External Audit	106	109	Red	Statutory requirement and therefore no scope to

Area	P8 2017/18 Forecast £000	2018/19 Budget £000	Scope for change (RAG)	Comments
fees				reduce.
Internal Audit fees	112	116		Statutory requirement and therefore limited scope to reduce. Scale of IA activity could be reduced with a consequential reduction in the level of independent assurance for the Authority.
HMIC inspections	110	114		Statutory requirement and therefore no scope to reduce. Under review with HMIC.
Legal fees	84	87		There could be a reduction in the level of legal advice obtained. As an oversight body, costs are driven by demand for review from stakeholders and third party.
Recruitment	18	19		Mainly BTP related recruitment.
Appeals	15	16		Statutory requirement and therefore no scope to reduce.
Independent custody visits	24	12		Statutory requirement and therefore no scope to reduce.
Total	624	635		
BTPA costs				
Premises costs	193	199		Lease expires in 11/2020 however we can sublet and move to a BTP premises.
Subscriptions & Publicity	50	52		Mainly related to APCC costs and Publication of formal Authority reports.
Communications	14	14		Staff related costs. In line with last year.
Travel and subsistence	4	4		Not a material amount, in line with last year.
Other costs	4	4		Not a material amount, in line with last year.
Contingency		44		2% of members and Executive budget. Next year we might have an additional redundancy at the amount of £44k.
Total	265	317		
Non Pay	890	952		
Total Executive Budget	1,885	1,882		
Members' salaries	298	298		There is limited scope to reduce these costs. Elimination of 1% salary increase will give £2k savings.
Members expenses	21	20		In line with 2017/18 spend, very limited scope for reduction.
Total Members Budget	319	318		
Total Scotland Budget	298	350		PMO costs fully approved by the Authority in multiple meeting.
In-year Project costs	100	100		On an annual basis, the Authority is outrunning its budget mainly due to un-budgeted In-year Project costs in relation to governance reviews and project work at an average amount of £150k per annum.
Total BTPA costs	2,603	2,651		

4.4 Capital budget

4.4.1 In line with 2017/18 we request a capital budget of £50k for IT hardware replenishment (I-pads/desktops/laptops, printer) and office furniture.

4.4.2 In 2017/18 we utilised £20k to replenish the Authority executives and members iPads.

4.5 Funding

4.5.1 We recommend that BTPA cost excluding Project Scotland costs will be fully charged to PSA holders including TfL through the provisional charges in the Charging model.

4.5.2 Currently Project Scotland is not being recharged to PSA holders through the charging model, and is utilising existing cash reserves.

4.6 Summary

4.6.1 Table 3 represent the complete BTPA budget (including In-year Project costs). The difference between the total budget and the total funding is the expenditure that relates to Scotland which is currently not included within the PSA charges.

Table 3: BTPA MTFP including In-year Project costs, Capital and funding

	2017/18 Budget £000	2017/18 P8 Forecast £000	2018/19 Budget £000	2019/20 Budget £000	2020/21 Budget £000	2021/22 Budget £000
Total BTPA Costs	2,471,700	2,502,607	2,550,794	2,341,451	2,304,931	2,378,688
In-year Project costs	0	100,160	100,000	100,000	100,000	100,000
Revised BTPA costs	2,471,700	2,602,767	2,650,794	2,441,451	2,404,931	2,478,688
Required Funding from PSA holders including TfL (Exc Scotland)		2,304,637	2,300,794	2,353,951	2,404,931	2,478,688
Capital	50,000	50,000	50,000	50,000	50,000	50,000

5. Recommendations

5.1.1 We recommend a discussion at the Full Authority on a proposal to freeze members' salary (traditionally increased by 1% p.a). Authority Interim Chair has been consulted and does not support this position.

5.1.2 We recommend that during 2018/19 BTPA will co-locate with BTP, including a review of Staff costs as a result. Any re-investment of saving will need to be reviewed by the Authority.

5.1.3 We recommend that **the BTPA total costs for 2018/22** (subject to 5.1.1 above) is approved by the Authority, **including the additional costs of £100k per annum** for In-year Project costs (table 3 above).

5.1.4 We recommend that the BTP/A finance teams work together to review the reclassifications of the BTP related costs (detailed in table 2. Above) between BTPA and BTP cost centres, so they will reside in the most appropriate place.

5.1.5 In line with 2017/18 we request a **capital budget of £50k** for IT hardware replenishment and office furniture.

5.1.6 Funding –

5.1.6.1 We recommend that **BTPA total cost** (excluding Project Scotland costs) will be fully charged to PSA holders including TfL through the provisional charges in the Charging model.

- 5.1.6.2 We recommend that **Project Scotland costs** will continue to be excluded from the PSA charges. Any increases to these costs will need to be reviewed on an annual basis, and consideration on funding will be made each year as part of the wash up charge reconciliation.