

Report to: Full Authority
 Date: 8 December 2021
 Subject: British Transport Police Authority Budget and Medium-Term Financial Plan
 Sponsor: Chief Financial Officer
 Author: Finance, Audit and Risk Manager
 For: Decision

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1. Purpose of paper

- 1.1 The purpose of this paper is to request approval for, and provide members with further detail of, the BTPA 2022/23 budget and 2022/23 – 2026-27 MTFP. Both are included within the overall MTFP provided to members for their approval.

2. Background – Current BTPA 2021/22 Full Year Forecast

	2021/22 Budget	2021/22 Q2 Forecast
	£'000	£'000
Executive Budget	2,216	2,059
Members Budget	354	288
Total BTPA	2,570	2,347

Note: 21/22 total budget per SPC paper was £2.581m. Transposition error identified and corrected in this paper.

- 2.1 **Executive** – 2021/22 FY forecast is to outturn below budget largely due to underspends in temporary staff costs (£36k), solicitors' fees (£63k), and staff costs (£79k), where the Scotland Project Manager role was budgeted for but remained vacant during the year. This has been released for the 2022/23 budget.
- 2.2 **Members** – 2021/22 is forecast to outturn below budget due to three member vacancies throughout the year, and one member's term ending part way through the year with no immediate replacement, as well as various non-pay costs not being fully incurred due to Covid-19.

3. Proposed BTPA 2022/23 Budget

3.1 The proposed budget for BTPA for 2022/23 is below:

	2022/23	2022/23	2022/23	2021/22	2021/22	2019/20
	Exec Budget	Member Budget	Total	Budget	Q2 Forecast	FY Outturn
	£'000	£'000	£'000	£'000	£'000	£'000
Pay	1,276	297	1,573	1512	1442	1265
Temporary Staff	50	-	50	60	50	134
Supplies & Services	938	27	965	934	820	1060
Communications	27	-	27	22	26	18
Travel	15	31	46	42	9	39
Total	2,306	355	2,661	2,570	2,347	2,516
2022/23 budget to 2021/22 budget (£'000)			91			
			3.5%			
2022/23 budget to 2021/22 Q2 Forecast (£'000)			314			
			13.4%			

3.2 The 2022/23 budget presented to SPC on 17 November 2021 was for a total of £2.744m. This represented an increase of 6.8% on the prior year budget. SPC members challenged this increase given it exceeded the proposed increase to the overall BTP/A expenditure budget of 5.2%. The BTPA budget has subsequently been revised down by £83k following further scrutiny and challenge of the Executive supplies and services budget and member establishment.

3.3 SPC members also asked to see a bridge to explain the movements from the 2021/22 budget to the 2022/23 proposed budget. This has been included for both the Executive budget and Member budget in Appendix A.

3.4 The 2019/20 actual outturn has been included largely for comparison of non-pay costs in a year where Covid-19 was not affecting the organisation.

4. BTPA 2022/23 – Executive Budget key assumptions

	2022/23	2021/22	2021/22	2019/20
	Budget	Budget	Q2 Forecast	FY Outturn
	£'000	£'000	£'000	£'000
Pay	1,275	1,215	1,186	942
Temporary Staff	50	60	50	134
Supplies & Services	939	907	792	1054
Communications	27	22	26	18
Travel	15	12	5	16
Total	2,306	2,216	2,059	2,164
Variance to 2022/23 Budget		90	247	142
% Variance to 2022/23 Budget		4.1%	12.0%	6.6%

4.1 The 2022/23 budget is above the current year budget due to the following factors:

- The Chancellor has outlined an increase in employer national insurance contributions by 1.25%, as well as a lift on the public sector pay freeze. Where the 2021/22 pay costs only increased for spine point increases, there will be a 2% pay award in 2022/23.
- The BTPA Executive is currently at full strength. The vacancy held in 2021/22 is no longer required and has been removed from the 2022/23 budget. In addition, the fixed term maternity cover role has been taken out of the 2022/23 budget since that contract ends in January 2022. However, in case of turnover, and due to the small size and thus capacity of the team, a small budget of £50k continues to be included for temporary staff should the need arise.
- The main increase relates to non-pay costs, where BTPA have historically inadvertently excluded the VAT impact of service invoices which has been absorbed through in year underspends. This year the VAT impact on service account codes has been included within the budget. Additionally:
- There is expected to be costs incurred for the consultancy work on the Code of Governance and financial delegations which will carry over in to the 22/23 financial year. £50k (half of the preferred quote) is expected in 2022/23. Other hire of consultants costs, inclusive of VAT, are for actuaries (£180k), Life Assurance (£12k), Board Effectiveness consultants (£12k) and a contingency of £50k. The total hire of consultants budget is £300k. Solicitors fees has £60k budgeted.
- Audit fees have been budgeted on the existing fees, plus VAT, with £127k for external audit, £160k for HMIC and £162k for Internal Audit.
- Increased costs for publicity and website costs due to tender for and renewal of BTPA's publication design templates is included in Supplies and Services for £45k.
- Communications costs includes the software licence for Board Intelligence (£22k) and the provision of maintenance and security of the website (£5k).
- We anticipate additional travel costs when compared to 2021/22 as the UK opens up post-Covid, including holding Authority events around the UK.
- Included within 2019/20 Supplies & Services is £200k of costs for the Camden Street lease which have since been removed from 20/21 onwards following the exit from the lease.

- 4.2 Non-pay costs are assumed to increase by 1.85% CPI year-on-year. This is driven by HMT 5-year forecast, consistent with BTP's assumptions, and has been incorporated into the 5 year Medium-Term Financial Plan below.

5. BTPA 2021/22 – Members Budget key assumptions

	2022/23	2021/22	2021/22	2019/20
	Budget	Budget	Q2 Forecast	FY Outturn
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Pay	297	309	256	323
Supplies & Services	27	15	28	6
Travel	31	30	4	23
Total	355	354	288	352
2022/23 budget to 2021/22 budget (£'000)			1	
			0.3%	
2022/23 budget to 2021/22 Q2 Forecast (£'000)			67	
			23.3%	

- 5.1 There are currently four vacancies, including a permanent Deputy Chair. A recruitment process has been conducted, with the vacancies anticipated to be filled before the start of the 2022/23 financial year. As a result, the 2022/23 budget is for 14 members. In addition, there is an increased Employer National Insurance cost (1.25%) in the next tax year.
- 5.2 Members have a £27k training / consultancy budget which is expected to be utilised following the recruitment of the new members and appetite for more facilitated sessions for members.
- 5.3 The provision for travel costs in 2022/23 has increased and is based on actual 2019/20 spend with an uplift for more anticipated travel in 2022/23 due to plans for an Authority meeting outside of London as well as Member custody visits.

6. BTPA 2022/27 MTFP

6.1 The table below details the BTPA proposed budget position for 2022/23 to 2026/27. These have been rolled forward as a best estimate of costs currently using assumption in line with the overall BTP/A MTFP.

	2022/23	2023/24	2024/25	2025/26	2026/27
	Budget	Budget	Budget	Budget	Budget
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Executive Budget	2,306	2,357	2,408	2,461	2,511
Members Budget	355	363	371	379	387
Total	2,661	2,720	2,779	2,840	2,898
<i>Increase</i>		<i>2.2%</i>	<i>2.2%</i>	<i>2.2%</i>	<i>2.0%</i>

6.2 The key assumptions are:

- Non-pay costs are assumed to increase by 1.85% RPI year-on-year. This is consistent with BTP.
- The MTFP assumes a return to 2% pay awards from July 2022.
- The BTPA Executive and Member team sizes are expected to remain consistent from 2023/24 onwards.

7. Risks

7.1 Although on a smaller scale, the BTPA budget and MTFP are subject to the same external risks as that of the overall budget and MTFP. General inflationary pressures could cause an increase on pay and non-pay items above those currently funded or budgeted for.

8. Recommendations

8.1 Members are asked to approve the 2022/27 BTPA MTFP and 22/23 budget to be included within the overall budget and MTFP for full Authority approval.

Appendix A

BTPA Executive Budget
Bridge from 2021/22 budget to 2022/23

	2021/22		2022/23
	Budget	<i>movement</i>	Budget
	£'000		£'000
Pay <i>overall increase</i>	1,215		
		+60	
			1,276
	being same FTE, 2% pay award, spine point increase and increase in National Insurance		
Temporary Staff <i>overall increase</i>	60		
		-10	
			50
	being an increase in case temporary staff are required, given the size of the Exec		
Supplies & Services	907		
<i>include VAT in budget</i>		+27	
<i>increased costs for printed documents</i>		+10	
<i>increased Internal Audit fee</i>		+8	
<i>increased External Audit fee</i>		+6	
<i>decreased recruitment costs</i>		-17	
<i>other movements</i>		-3	
			938
	being VAT included this year in budget, tender for printed documents, no expected recruitment		
Communications	22		
		+5	
			27
	being ongoing maintenance and security for the BTPA website and Board Intelligence costs		
Travel	12		
		+3	
			15
	being a slight increase in costs to 19/20 comparatives, assuming more travel		
Total	2,216		2,306
		<i>increase</i>	<i>4.06%</i>

BTPA Members Budget
Bridge from 2021/22 budget to 2022/23

	2021/22		2022/23
	Budget	movement	Budget
	<i>£'000</i>		<i>£'000</i>
Pay <i>overall increase</i>	309		
		-12	
			297
	assuming 15 members for the full year following vacancies in 21/22 and a 1.25% increase in NI		
Supplies & Services	15		
<i>Hire of Consultants</i>		+12	
			27
	being hire of consultants added for more facilitated workshops and meetings in 22/23		
Travel	30		
		+1	
			31
	incremental increase in travel budget for member visits, increased workshops and in-person meetings		
Total	354		355
		<i>increase</i>	<i>0.28%</i>