

Report to: Full Authority  
Date: 8 December 2021  
Subject: BTPA Cover Paper: 22/23 Budget and 5-year MTFP  
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## 1. Purpose of paper

- 1.1 To act as a cover paper for BTP's 5-year MTFP and 22/23 budget presentation, highlighting scrutiny and challenge provided by Strategy and Planning Committee (SPC), responding to requests made by the committee members, and to make recommendations to the Full Authority for approval.

## 2. Background

- 2.1 The 2022/23 budget and 5-year MTFP was presented to the Strategy and Planning Committee on 17 November 2021. Full details of the proposal are included within the documents included within the background reading pack and largely will not be repeated in this paper. However the headlines are as follows:

### **Expenditure Budget**

- BTP's proposal for the 22/23 revenue *expenditure* budget is £347.5m, which is an increase of £17.2m (5.2%) compared to the 21/22 Q1 revised budget. This is the BAU expenditure budget only i.e. it excludes any financial impact of 'A Force on the Move'.
- Page 16 in the background reading breaks down the £17.2m increase in expenditure being requested. Assumptions including a 2% pay increase (in line with HO pay assumptions), contractual automatic pay progression increases and the increase in NI contributions together account for 3.5% of the overall 5.2% cost increase. Pension costs also rise for the full MTFP period due to the recovery plan on the Staff Scheme as well as an increase in employer contributions (a further 1.4% of the increase).
- An increase of 24 FTE has been budgeted largely to support BTP's response to Violence Against Women and Girls at a cost of £1.4m. Much of this additional cost has been offset through BTP's own internal cost reductions measures.

## Funding

Once a control budget for expenditure has been approved, it is the Authority's responsibility to determine how this will be funded:

- If fully defrayed to industry, the proposed expenditure budget equates to an increase in charges to PSA holders of 3.8%. An increase to the core service provision as a result of the Elizabeth Line and the continuation of the Workplace Violence Coordination Unit results in a further 1% increase to the charges, thus a total increase of 4.8%.
- The core TfL budget for 22/23 will increase by 4.8% to £76m. In addition to this will be an allocation for the Elizabeth Line which is c£500k and an additional 0.7% charge, thus a total increase in charges of 5.5%. This proposal has been presented in full to TfL finance colleagues. BTPA understands that TfL are awaiting decisions over their financial future post 11 December 2021 and both parties will continue to work together over the coming weeks to confirm the budget for the coming year.

### 3. Summary of SPC discussion (17 November 2021)

The discussions from SPC are summarised in an excerpt from the draft minutes included within the background pack. Notably:

- Members were troubled by the risks of items which were not included in the budget or MTFP. These included the potential costs of remediating the IT issues which are expected to be identified as the MPS review is concluded. There was also discussion over the risks related to a higher than anticipated pay award, as well as the absence of expected costs related to a relocation of FHQ in 23/24. Members requested that all the risks be summarised, and this is included within Appendix A to this paper.
- Members discussed the proposed increase in PSA charges. Following discussion last year, the Authority agreed to retain charges at RPI in line with the industry. With RPI as of July 2021 at 3.8%, and mindful of the pressures driving up the budgeted expenditure, members of SP&C agreed to endorse an increase in charges by RPI, with a further 1% increase to take account of the uplift in service provision.
- Members noted that the 22/23 budget includes a full year cost of £600k for the Workplace Violence Coordination Unit agreed by DfT initially for 21/22. Members of SPC endorsed this continuing for 22/23 but noted that any uplift in service provision and subsequent charging is a decision for the Authority and not for DfT.

## 4. Years 2-5 of the MTFP

- 4.1 BTP have prepared the full 5-year MTFP with reasonable assumptions which results in some fluctuation in budgeted expenditure across the period. However, given the strategy is still being developed, 'The Force on the Move' is still in the design phase, and the SR outcome is unknown, Members may wish to defer the approval of the 5 year MTFP to the next Committee meeting. During this period, more certainty over BTP's strategic plans and current risks (e.g. IT) will need to be achieved such that these can be factored into the MTFP.

## 5. Future Financial sustainability

- 5.1 There are a number of risks and possible future planned activities which are currently not included within the budget or MTFP, either because they cannot be quantified or because the plans are still being developed. When these risks crystallise and plans are finalised, there are four options available to the Authority to fund any proposed increase in expenditure:

- **BTP find internal cashable efficiencies.** There is currently no efficiency assumption included within the financial plans, so if costs were to exceed the control budget, the Authority's first step will be to ask BTP what savings they can find to offset these additional costs.
- **Cash Reserves.** The Authority has a reasonable level of cash reserves, and a revised reserve policy which would potentially support the use of these reserves. However, they are finite, and therefore any drawdown will need to be fully justified.
- **DfT grant/grant-in-aid.** DfT are able to provide BTPA with cash grants, and there is now a history of this. However, DfT expect BTP to be run in an efficient and effective manner, and any request for further cash funding will be scrutinised. It is also never guaranteed.
- **Charge out to industry.** BTPA are permitted to defray the costs of BTP to industry. It must also assure itself that BTP is an efficient police force. The Authority remains commercially aware of the challenges the industry is facing, and that the proposed 22/23 budget is already driving a 4.8% increase in charges.

- 5.2 The above supports the fact that Members need to see further developed plans before the Authority can approve an MTFP. As part of this, Members will need to see some prioritisation in the plans, as choices will need to be made.

## 6. Recommendations

Following the scrutiny afforded by SPC, Members of the full Authority are being asked to:

- Approve a total expenditure control budget for 22/23 of £347.5m
- Approve an increase to PSA charges in line with RPI at 3.8% with an additional 1% for the uplift in service provision consisting of:

- expenditure of £600k for the Workplace Violence Coordination Unit in 22/23 which will be charged out to industry operators
- the £3m cost of the previously approved permanent uplift in core resources for the Elizabeth Line
- Approve the core TfL budget of £76m, noting an additional allocation of c£500k for the Elizabeth Line
- Agree that any additional requests for funding will need to be met from the options listed in 5.1 in order of priority
- Request that an updated MTFP comes to the March Authority meeting for approval, supported by a comprehensive strategy and investment and benefit profile.

## 7. Appendix – MTFP Risks / Unfunded Projects