

## Board Meeting Paper

Feb 10 BM 6.2

Report for	Decision	<input type="checkbox"/>
	Information	<input checked="" type="checkbox"/>
Restricted or Confidential Information ?	Yes	<input type="checkbox"/>
	No	<input checked="" type="checkbox"/>



If confidential, protective marking	
Date of Meeting	17-Feb-10
Agenda Item	6.2
Report Title	Finance Update – 31 December 2009
Sponsor	Anthony Smith
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### 1. Summary

The Report is extracted from the detailed Management Accounts.

The budget for 2009-10 is £4.7 million. In addition there is ring fenced funding of £1.1 million for the National Passenger Survey, and £1.5 million for bus passenger preparation, plus £130,000 for the Bus Passenger Mystery Traveller Survey (BPMTS).

The rail expenditure for Passenger Focus in the nine months was £3,170,000 against the budget of £3,168,000 an unfavourable variance of 0.1%.

Expenditure on the National Passenger Survey (NPS) for the period was £516,000 against the budget of £529,000 a favourable variance of £13,000.

Expenditure on bus passenger preparation for the period was £1,032,000 against the budget of £1,116,000 a favourable variance of £84,000.

### 2. Recommendation or decision required

Following review of the quarterly report by the Audit Committee the Board are asked to note:

- The expenditure for the year to date of £3,170,000 against a forecast of £3,168,000 an unfavourable variance of £2,000 (0.1%)
- NPS Costs for the nine months were £516,000, and the budget for the year is £989,000.
- Bus passenger preparation costs to date are £1,032,000, and the budget for the year is £1.6 million, including the BPMTS.
- There is an unallocated budget of £5,000 and we have a contingency of £15,000 in the rail budgets and £5,000 in the bus budgets which have not been used to date.
- The costs for recruitment are considerably higher than forecast due to the number of vacancies. The additional costs will be funded from favourable variances in other budget headings
- A final budget review will be completed by the end of January to ensure the outturn will remain within the agreed funding allocation for the year.

### 3. Further details

The management accounts summary below provides a breakdown of costs.

### 4. Implications - Financial, Risk, Legal, Staffing, Equalities

The financial and risk implications of the paper are summarised in Section 2, and there are no Legal, Staffing, Personal Data or Equalities implications arising from this paper.

### 5. Background information

The presentation of the costs is the same as previous months.

The Bus Project and NPS have been recharged with a proportion of office and administration costs and the remaining office and admin costs have been allocated to the directorates on the basis of staff numbers.

The Forecast figures reflect the revisions arising from the allocation of budgets to Research Projects this period.

## FINANCIAL REVIEW

RAIL	Year to Date			Full Year Original		
	Actual	Forecast	Variance	Outturn	Budget	Variance
Fixed pay	1,953	1,970	17	2,648	2,691	43
Fixed overheads	298	295	(3)	446	429	(17)
Variable overheads	575	559	(16)	763	761	(2)
<b>Total running costs</b>	<b>2,826</b>	<b>2,824</b>	<b>(2)</b>	<b>3,857</b>	<b>3,881</b>	<b>24</b>
	Year to Date			Full Year Original		
	Actual	Forecast	Variance	Outturn	Budget	Variance
Project costs	344	344	-	843	819	(24)
<b>Total Costs</b>	<b>3,170</b>	<b>3,168</b>	<b>(2)</b>	<b>4,700</b>	<b>4,700</b>	<b>-</b>
NPS	516	529	13	1,100	1,100	-
	Year to Date			Full Year Original		
	Actual	Forecast	Variance	Outturn	Budget	Variance
Fixed pay	376	419	43	591	714	123
Fixed overheads	77	100	23	140	98	(42)
Variable overheads	237	253	16	352	300	(52)
<b>Total running costs</b>	<b>690</b>	<b>772</b>	<b>82</b>	<b>1,083</b>	<b>1,112</b>	<b>29</b>
Project costs	252	254	2	387	488	101
Mystery Traveller Survey	90	90	-	130	-	(130)
<b>Total Costs</b>	<b>1,032</b>	<b>1,116</b>	<b>84</b>	<b>1,600</b>	<b>1,600</b>	<b>-</b>
<b>Total expenditure</b>	<b>4,718</b>	<b>4,813</b>	<b>95</b>	<b>7,400</b>	<b>7,400</b>	<b>-</b>

## COMMENTARY

### RAIL

- Fixed pay costs includes Staff Pay and Members Fees. The costs to date are lower than forecast and budget due to later than anticipated recruitment and start dates for new staff. Some of the vacancies have been covered by temporary staff which is reflected in an unfavourable variance in Temporary Staff in Variable Overheads.
- Fixed overheads includes costs for premises and contracted costs for IT support and HR Advice. The costs to date are slightly higher than forecast due to lower than anticipated recharges to bus activity due to later than anticipated recruitment of staff for bus passenger activity. The unfavourable variance has been offset by lower than forecast costs for property maintenance.
- Variable overheads for the period are higher than forecast because favourable variances in expenditure on Training, Meetings, Publications and Postage and Office equipment have been offset by unfavourable variances on Temporary Staff, Travel and subsistence and particularly Recruitment.  
The unfavourable variances in Temporary Staff will be funded from corresponding favourable variances in Fixed Pay Costs. The unfavourable variance in Travel and Subsistence can be contained within the existing budget. However the additional costs for Recruitment activity will need to be funded from favourable variances in other budget headings.
- Project costs to date are in line with the forecast. In addition to the costs to date we have a further £114,000 of committed expenditure which is 55% of the total annual project budgets.
- NPS costs for the year are lower than forecast because in salary costs in October were lower than forecast pending the arrival of the new Head of Research.

### BUS

- Fixed pay costs includes Staff Pay and Members Fees. The costs to date are lower than forecast pending recruitment of staff. The forecast outturn is significantly lower than the original budget due to the deferral of recruitment of additional Board Members and the later than anticipated staff recruitment as a result of the later than anticipated passage of the
- Fixed overheads are lower than forecast because the apportionment of overheads is based on staff numbers which are lower than assumed when the budget and forecasts were prepared.
- Variable overheads less than forecast due to favourable variances on equipment and stationery costs because staff numbers were lower than assumed, and lower printing and publication costs, which have been offset by additional costs for meeting rooms for bus training.
- Project costs are in line with the revised forecast. In addition to the costs to date we have a further £160,000 of committed expenditure which is 98% of the total annual project budgets.

**COSTS BY DIRECTORATE**

£000	Year to Date			Full Year		
	Actual	Forecast	Variance	Outturn	Original Budget	Variance
Passenger Link	974	997	23	1,368	1,411	43
Press and Communications	322	319	(3)	444	451	7
Passenger Advice Team	293	293	-	399	378	(21)
Policy and Research	523	515	(8)	948	955	7
Resources	455	426	(29)	669	593	(76)
Corporate Governance	352	366	14	535	563	28
Board	251	253	2	337	349	12
<b>Total Costs</b>	<b>3,170</b>	<b>3,169</b>	<b>(1)</b>	<b>4,700</b>	<b>4,700</b>	<b>-</b>
NPS	516	529	13	1,100	1,100	-
Bus Passenger	942	1,026	84	1,470	1,600	130
Bus Mystery Traveller Survey	90	90	-	130	-	(130)
<b>Total Costs</b>	<b>4,718</b>	<b>4,814</b>	<b>96</b>	<b>7,400</b>	<b>7,400</b>	<b>-</b>

1. Passenger Link Directorate costs to date are lower than forecast because the allocation of fixed overheads is less than anticipated due to the lower than average staff numbers for the year assumed in for the forecasts because of later start dates.
2. Costs for the year in the Press and Communications directorate are largely in line with the forecast.
3. The Passenger Advice Team costs to date are in line with the forecast. The variance against the annual budget is due to additional costs for temporary staff covering vacancies in the team.
4. Policy and Research costs are in line with the forecast and budget for the year.
5. Costs for the Resources team are significantly higher than forecast due to higher recruitment costs and the lower than anticipated allocation of overheads to Bus and NPS.
6. The costs for the Corporate Governance team are lower than forecast because expenditure for the staff away day in November and temporary staff costs are less than forecast.
7. The costs for the Board are in line with the forecast and are anticipated to be lower than budget because the number of members is lower than assumed for the budgets
8. The National Passenger Survey costs are lower than forecast because in salary costs in October were lower than forecast pending the arrival of the new Head of Research.
9. The Bus passenger costs are lower than forecast because the start dates for staff have been later than assumed for the budgets.

**Summary**

The forecast total expenditure for the period was £4,812,000 and actual expenditure was £4,718,000 a favourable variance of 2%.

The main risks identified to the outturn for the year are :

- the possibility that the additional recruitment costs cannot be contained within the remaining favourable variances in the final quarter of the year. However this risk is largely mitigated because the unused contingency and unallocated budget will provide an additional £20,000 should this be required.
- any unbudgeted costs arising from office move required in London. However this risk is receding this year as office moves are now scheduled for 2010-11 so costs will be incurred in 2010-11 and the provisional funding allocation for 2010-11