

Board Meeting Paper

May 14 BM 5.3

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	15 May 2014
Agenda Item	5.3
Report Title	Finance Update – 31 March 2014
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1. Summary

The Report is extracted from the detailed Management Accounts.

The net operating cost budget for 2013-14 is £4.93 million including funding for the National rail passenger survey budget of £865,000 and the National bus passenger survey budget of £220,000.

Net operating costs for the twelve months, excluding Smart ticketing, were £4,930,000 in line with the agreed budget for the year of £4,930,000.

Expenditure on the National rail passenger survey (NRPS) for the period was £829,000 which is higher than the forecast of £798,000 due to late projects not anticipated in the January reforecast. Expenditure on the National bus passenger survey (NBPS) for the period was £220,000 which is in line with the forecast of £217,000.

The Department for Transport have agreed to fund Smart ticketing research up to £400,000 for the current year. Expenditure of £183,000 has been incurred in the twelve month period for the programme of work agreed with, and fully funded by, the Department, which is in line with our forecast of £200,000 for the Smart ticketing work to 31 March 2014.

2. Recommendation or decision required

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

- The net expenditure for the year of £4,930,000 against the budget of £4,930,000
- NRPS costs for year were £829,000, against the annual budget of £865,000. The costs for the year for the NBPS were £220,000 and the annual budget was £220,000.
- The Annual Accounts will be based on these unaudited figures.

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 shown in the Summary in Section 5, and there are no Legal, Staffing, Personal Data or Equalities implications arising from this paper.

5. Background information

The financial summary below is taken from the management accounts for the period.

The forecast outturn reflects the budget review and reforecast completed in January and the projects approved in the period.

FINANCIAL REVIEW

£000	Year to Date			Full Year		
	Actual	Forecast	Variance	Outturn	Budget	Variance
Income	3	-	3	3	-	3
Expenditure						
Fixed pay	2,435	2,441	6	2,435	2,443	8
Fixed overheads	591	584	(7)	591	639	48
Variable overheads	349	363	14	349	299	(50)
Total running costs	3,375	3,388	13	3,375	3,381	6

	Year to Date			Full Year		
	Actual	Forecast	Variance	Outturn	Budget	Variance
NRPS	829	798	(31)	829	865	36
NBPS	220	217	(3)	220	220	-
Other research and project costs	509	527	18	509	464	(45)
Total Project costs	1,558	1,542	(16)	1,558	1,549	(9)
Total operating costs	4,933	4,930	(3)	4,933	4,930	(3)
Total net operating costs	4,930	4,930	-	4,930	4,930	-
Transition	-	-	-	-	-	-
Total expenditure	4,930	4,930	-	4,930	4,930	-
Smart Ticketing (fully funded by the Department for Transport)	183	250	67	183	400	217

COMMENTARY

Operating costs

1. Fixed pay costs includes staff pay and members fees. The costs for the year are slightly lower than budgeted because savings from the Chief executive's unpaid career break, and a vacancy in the final month, have been offset by additional costs for interim appointments made to ensure sufficient resources were available to complete the workplan for the year, including cover for maternity leave.
2. Fixed overheads includes costs for premises and contracted costs for IT support and audit and legal services, The costs are in line with the forecast, but significantly lower than budget because costs for HR support were lower than anticipated and the ICT budgets included provision for the ICT services retender, but these costs will now be incurred in 2014-15 and have been included in the budgets allocations for the new financial year.
3. Variable overheads include costs for travel and subsistence, training, printing postage, and stationery and telephones and the costs for the year are lower than forecast but significantly higher than budgeted due to additional Travel and subsistence costs for a series of successful Open data analysis tool presentations to train operators and the additional costs for the programme of national public board meetings, offset by lower than budgeted Telephone costs.
4. Total project costs for the year are slightly higher than forecast because there were some projects completed late in the year as part of the NRPS which were not anticipated in the latest forecast figure. The additional costs were funded partly from the Contingency budget and partly from favourable variance in other budgets. The Outturn for NRPS was significantly lower than the budget because the budget included provision for the Mixed paper/online data capture pilot which was run as a separate project and is included in Other research costs.

Smart Ticketing

5. The Department agreed to provide funding of up to £400,000 for the current year for Smart ticketing research. Costs were forecast to be £250,000 for the year but as the Department changed the programme priorities the final costs for the year were £183,000.

COSTS BY DIRECTORATE

£000	Year to Date			Full Year		
	Actual	Forecast	Variance	Outturn	Budget	Variance
Passenger issues team	610	618	8	610	599	(11)
Press and communications	226	229	3	226	222	(4)
Research	845	853	8	845	498	(347)
Passenger team	750	752	2	750	760	10
Passenger contact team	387	387	-	387	391	4
CEO and Corporate Governance	427	443	16	427	421	(6)
Resources	399	382	(17)	399	390	(9)
Board	237	251	14	237	217	(20)
Unallocated project budget	-	-	-	-	347	347
Total costs	3,881	3,915	34	3,881	3,845	(36)
NRPS	829	798	(31)	829	865	36
NBPS	220	217	(3)	220	220	-
Total net operating costs	4,930	4,930	-	4,930	4,930	-
Smart Ticketing	183	250	67	183	400	217

Operating costs

1. The costs for the teams represent their direct costs plus an allocation of overheads.
2. The main reasons for the variances in the team costs are:

The main reasons for the variances between the budget and forecast outturn for each team are summarised below:

The Passenger issues team outturn is lower than forecast due to the income for the East Coast Passenger Aspirations work in the period which was not reflected in the forecasts, and is higher than budget due to the allocation of funds from the Unallocated project budget for approved projects

The Press and communications team outturn is in line with the forecast and budget.

The Research team outturn is higher than forecast and budget due to a transfer of funds for approved projects from the Unallocated project budget together with additional staff costs due to interim appointments to ensure the programme of work could be completed. The additional costs have been slightly offset by savings in March due to a vacancy on the team.

The Passenger team outturn is lower than budgeted because savings arising from the cover arrangements for the Chief executive's unpaid career break have been offset by additional Travel and subsistence costs for a series of presentations to train operators of our Open data analysis tool.

The Passenger contact team outturn is in line with the forecast and budget for the year.

The CEO and Corporate Governance outturn is lower than forecast because the forecast included the Contingency of £20,000 which was reallocated to the Research team to fund additional passenger research.

The Resources team outturn is higher than forecast and budget because additional training on Connect has been commissioned for all staff which was not anticipated in the forecast or budget.

The Board outturn is lower than forecast because the costs anticipated for Chair recruitment campaign have not been incurred this year due to delays by the Department. The outturn is higher than budgeted due to additional costs for the programme of national public board meetings.

The Unallocated project budget has been fully utilised at the year end

The variances in the outturn for the NRPS against forecast and budget are due to late projects not anticipated in the latest forecast and the allocation of part of the NRPS budget to a separate project code

Smart Ticketing

3. Costs for the year represent staff costs and research projects agreed with the Department. The outturn is significantly lower than the budget, and lower than the forecast, due to delays in the Department agreeing the programme of work. Costs are recovered in arrears from the Department each quarter.

Summary

Total costs for the year are £4,930,000 and are in line with the agreed budget for the year, excluding the Smart ticketing costs.