

Board Meeting Paper

Nov 13 BM 5.3

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



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|-------------------------------------|------------------------------------|
| If confidential, protective marking | |
| Date of Meeting | 14 November 2013 |
| Agenda Item | 5.3 |
| Report Title | Finance Update – 30 September 2013 |
| Sponsor | Anthony Smith |
| Author (s) | Nigel Holden |

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 six months, excluding Smart ticketing, was £1,943,000 against the forecast of £1,954,000, a favourable variance of £10,000.

Expenditure on the National rail passenger survey (NRPS) for the period was £141,000 which is in line with the forecast of £141,000. Expenditure on the National bus passenger survey (NBPS) for the period was £38,000 which is in line with the forecast of £38,000.

The Department for Transport have agreed to fund Smart ticketing research up to £400,000 for the current year. Expenditure of £32,000 has been incurred in the six month period for the programme of work agreed with, and fully funded by, the Department.

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 to date of £1,943,000 against a forecast of £1,954,000
- NRPS costs for the six months were £141,000, and the annual budget is £865,000. The costs to date for the NBPS were £38,000 and the annual budget is £220,000.
- The budget review completed in September confirmed that the forecast outturn will remain within the agreed funding allocation of £4.93 million 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 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 completed in September and the projects approved in the period.

FINANCIAL REVIEW

£000

| | Year to Date | | | Full Year | | |
|---------------------|--------------|----------|----------|-----------|--------|----------|
| | Actual | Forecast | Variance | Outturn | Budget | Variance |
| Income | - | - | - | - | - | - |
| Expenditure | | | | | | |
| Fixed pay | 1,230 | 1,233 | 3 | 2,459 | 2,443 | (16) |
| Fixed overheads | 280 | 284 | 4 | 577 | 639 | 62 |
| Variable overheads | 155 | 155 | - | 321 | 299 | (22) |
| Total running costs | 1,665 | 1,672 | 7 | 3,357 | 3,381 | 24 |

| | Year to Date | | | Full Year | | |
|---|--------------|--------------|-----------|---------------------|--------------|----------|
| | Actual | Forecast | Variance | Forecast Outturn | Budget | Variance |
| NRPS | 141 | 141 | - | 835 | 865 | 30 |
| NBPS | 38 | 38 | - | 220 | 220 | - |
| Other research and project costs | 99 | 103 | 4 | 518 | 464 | (54) |
| Total Project costs | 278 | 282 | 4 | 1,573 | 1,549 | (24) |
| Total operating costs | 1,943 | 1,954 | 11 | 4,930 | 4,930 | - |
| Total net operating costs | 1,943 | 1,954 | 11 | 4,930 | 4,930 | - |
| Transition | - | - | - | - | - | - |
| Total expenditure | 1,943 | 1,954 | 11 | 4,930 | 4,930 | - |
| Smart Ticketing (fully funded by the Department for Transport) | 32 | 33 | 1 | 400 | 400 | - |

COMMENTARY

Operating costs

- Fixed pay costs includes staff pay and members fees. The costs to date are in line with the budget. The forecast outturn is higher than the budget because a fixed term contract has been extended to ensure sufficient resources are available to complete the workplan for the year.
- Fixed overheads includes costs for premises and contracted costs for IT support and audit and legal services. The costs are lower than budgeted for the period due to lower than budgeted costs for HR advice. The forecast outturn is substantially lower than budget partly due to lower than budgeted HR advice costs but mainly because the ICT budget assumed retendering costs would be incurred during the year, but as we now plan to use the government framework contract our retendering costs will be significantly reduced.
- Variable overheads include costs for travel and subsistence, training, printing postage, and stationery and telephones and the costs to date are in line with the forecast. The outturn is higher than budgeted due to additional Travel and subsistence costs for a series of Open data analysis tool presentations to train operators together with additional costs for the programme of national public board meetings.
- Project costs for the period are in line with the forecast. The forecast outturn for the National rail passenger survey (NRPS) is lower than budgeted due to lower contract costs. The outturn for Other research and project costs is higher than budgeted because we have transferred favourable variances from fixed overheads and NRPS to increase the budget

Smart Ticketing

- The Department agreed to provide funding of up to £400,000 for the current year for Smart ticketing research. Costs in the period to date represent staff costs as we continue to follow through research undertaken in the final quarter of 2012-13, and develop the programme of future work for agreement with the Department.

COSTS BY DIRECTORATE

£000

| | Year to Date | | | Full Year | | |
|------------------------------|--------------|----------|----------|---------------------|--------|----------|
| | Actual | Forecast | Variance | Forecast Outturn | Budget | Variance |
| Passenger issues team | 247 | 247 | - | 499 | 493 | (6) |
| Press and communications | 89 | 91 | 2 | 178 | 176 | (2) |
| Research | 219 | 219 | - | 587 | 391 | (196) |
| Passenger team | 301 | 303 | 2 | 624 | 608 | (16) |
| Passenger contact team | 156 | 154 | (2) | 294 | 300 | 6 |
| CEO and Corporate Governance | 173 | 173 | - | 358 | 344 | (14) |
| Resources | 449 | 458 | 9 | 907 | 969 | 62 |
| Board | 130 | 130 | - | 234 | 217 | (17) |
| Unallocated project budget | - | - | - | 194 | 347 | 153 |
| Total costs | 1,764 | 1,775 | 11 | 3,875 | 3,845 | (30) |
| NRPS | 141 | 141 | - | 835 | 865 | 30 |
| NBPS | 38 | 38 | - | 220 | 220 | - |
| Total net operating costs | 1,943 | 1,954 | 11 | 4,930 | 4,930 | - |
| Smart Ticketing | 32 | 33 | 1 | 400 | 400 | - |

Operating costs

- The costs for the teams represent their direct costs and do not include any allocation of overheads.
- Costs for all teams in the period to date are in line with the budget, apart from the costs for the Resources Team. which are lower than budgeted due to the lower than forecast costs for HR advice. The main reasons for the variances between the budget and forecast outturn for each team are summarised below:

The Passenger issues team forecast outturn is higher than budgeted due to a transfer of funds for approved projects from the Unallocated project budget

The Research team forecast outturn is higher than budgeted due to a transfer of funds for approved projects from the Unallocated project budget together with additional staff costs due to the extension of a fixed term contract post to ensure the programme of work could be completed

The Passenger team forecast outturn is higher than budgeted due to a transfer of funds for approved projects from the Unallocated project budget together with additional Travel and subsistence costs for a series of presentations to train operators of our Open data analysis tool

The Passenger contact team forecast outturn is slightly lower than budgeted because the costs for the Call Centre are lower than anticipated

The CEO and Corporate Governance forecast outturn is higher than budgeted due to a transfer of funds for approved projects from the Unallocated project budget

The Resources team outturn is significantly lower than budgeted due to lower costs for ICT contracts and HR advice.

The Board outturn is higher than budgeted due to additional costs for the programme of national public board meetings.

The Unallocated project budget forecast outturn is lower than budgeted because funds have been transferred to directorate budgets for approved projects. The unallocated funds of £194,000 at 30 September are sufficient to complete the

Smart Ticketing

3. Costs in the period to date represent staff costs and follow up projects as we continue to follow through research undertaken in the final quarter of 2012-13, and develop the programme of future work for agreement with the Department.

Summary

Total costs to date are £1,943,000 and are £11,000 (0.6%) lower than forecast, excluding the Smart ticketing costs.

The main risk identified to remaining within budget is that the unallocated project budget can be used effectively to deliver our anticipated programme of work for the remainder of the year whilst remaining within the total allocation, which will be managed through monthly financial reporting and monitoring.