

Board Meeting Paper

Sep 13 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	12 September 2013
Agenda Item	5.3
Report Title	Finance Update – 31 May 2013
Sponsor	Anthony Smith
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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 two months, excluding Smart ticketing, was £562,000 against the forecast of £570,000, a favourable variance of £8,000.

There was no expenditure on the National rail passenger survey in the period as costs for the Spring wave were included in the 2012-13 accounts.

The Department for Transport have confirmed agreement to fund Smart ticketing research up to £400,000 for the current year. Expenditure of £9,000 has been incurred in the period to date for the programme of work agreed with, and fully funded by, the Department, and will be invoiced at the end of the quarter.

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 £562,000 against a forecast of £570,000
- There have been no costs incurred for the year to date for NRPS or NBPS. The annual budget for NRPS is £865,000 and £220,000 for NBPS.

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 and costs are as at May 2013 because the the finance report to the Audit committee was tabled on 1 July 2013 which was too early for the three month accounts to be available.

The forecast outturn reflected the latest plans for the year and the projects approved in the period.

FINANCIAL REVIEW

£000

	Year to Date			Full Year		
	Actual	Forecast	Variance	Forecast Outturn	Budget	Variance
Income	-	-	-	-	-	-
Expenditure						
Fixed pay	411	412	1	2,443	2,443	-
Fixed overheads	95	97	2	639	639	-
Variable overheads	43	45	2	299	299	-
Total running costs	549	554	5	3,381	3,381	-

	Year to Date			Full Year		
	Actual	Forecast	Variance	Forecast Outturn	Budget	Variance
NRPS	-	-	-	865	865	-
NBPS	-	-	-	220	220	-
Other research and project costs	13	16	3	464	464	-
Total Project costs	13	16	3	1,549	1,549	-
Total operating costs	562	570	8	4,930	4,930	-
Total net operating costs	562	570	8	4,930	4,930	-
Transition	-	-	-	-	-	-
Total expenditure	562	570	8	4,930	4,930	-
Smart Ticketing (fully funded by the Department for Transport)	9	9	-	400	400	-

COMMENTARY

Operating costs

1. Fixed pay costs includes staff pay and members fees. The costs to date are in line with the budget.
2. Fixed overheads includes costs for premises and contracted costs for IT support and Audit services. The costs are in line with the budget for the period.
3. Variable overheads include costs for travel and subsistence, training, printing postage and stationery and telephones. The costs to date are in line with the budget and include a credit for recruitment costs which is the recovery of costs from the Welsh Government in respect of support for the recruitment of the board member they appoint.
4. Project costs for the period slightly are lower than forecast because costs incurred for the outsourced call centre have been lower than anticipated in the first two months whilst the contract with our new service partner has been embedded and the full suite of services have been implemented.

Smart Ticketing

5. 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	83	82	(1)	493	493	-
Press and communications	26	28	2	177	176	(1)
Research	64	62	(2)	409	391	(18)
Passenger team	91	91	-	611	608	(3)
Passenger contact team	54	56	2	300	300	-
CEO and Corporate Governance	57	56	(1)	359	344	(15)
Resources	138	149	11	969	969	-
Board	49	46	(3)	217	217	-
Unallocated project budget	-	-	-	310	347	37
Total costs	562	570	8	3,845	3,845	-
NRPS	-	-	-	865	865	-
NBPS	-	-	-	220	220	-
Total net operating costs	562	570	8	4,930	4,930	-
Smart Ticketing	9	9	-	400	400	-

Operating costs

1. The costs for the teams represent their direct costs and do not include any allocation of overheads.
2. Costs for all teams in the period to date are in line with the budget, apart from the costs for the Resources Team. The costs for the resources team are lower than budgeted due to the recovery of costs from the Welsh Government for support for the recent recruitment of the board member they appoint
The forecast outturn for the Research team and the CEO and Corporate governance team are higher than budgeted due to the transfer of funds from the Unallocated project budget for projects approved by the Management team.

Smart Ticketing

3. 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 are recovered in arrears

Summary

Total costs to date are £562,000 and are £8,000 (1.4%) lower than forecast, excluding the Smart ticketing costs.

The main risk identified to remaining within budget is:

- that the unallocated budget can be used effectively to deliver our business priorities for the remainder of the year whilst remaining within the total allocation, which will be managed through monthly financial reporting and monitoring.