

Board Meeting Paper

Sept 12 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	19 September 2012
Agenda Item	5.3
Report Title	Finance Update – 30 June 2012
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1. Summary

The Report is extracted from the detailed Management Accounts.

The net operating cost budget for 2012-13 was £4.8 million plus funding of £100,000 for the Accountability and Transparency project giving a total budget of £4.9 million. This includes the National rail passenger survey budget of £865,000 and the National bus passenger survey budget of £235,000.

Net operating costs the three months was £884,000 against the forecast of £905,000, a favourable variance of £21,000. The expenditure does not include transition costs.

The National rail passenger survey (NRPS) shows a credit of £2,000 for the period because the provision for costs at 31 March 2012 was slightly higher than the amount invoiced. There has been no expenditure on the National bus passenger survey (NBPS) for the period.

In addition to the operating cost budget we had a budget of £460,000 for Transition costs which includes costs for the London office relocations plus the additional Rent costs for Drummond Gate pending the move and Recruitment costs for board members.

Transition costs in the period were £17,000 against the forecast of £15,000 an unfavourable variance of £2,000.

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 £884,000 against a forecast of £905,000
- The costs for NRPS reflect an adjustment in the period for an overprovision of £2,000 in the anticipated NRPS costs at 31 March 2012 and no costs to date have been incurred on the NBPS
- Transition costs were £17,000, and include costs for the Website refresh which can be accommodated within the overall Transition budget.
- The budget review taking place in August to ensure the forecast reflects the plans for the remainder of 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 is largely the same as the budget for the year but has been updated to reflect the projects approved in the period.

FINANCIAL REVIEW

£000

	Year to Date			Full Year		
	Actual	Forecast	Variance	Forecast Outturn	Budget	Variance
Income	-	-	-	100	100	-
Expenditure						
Fixed pay	589	607	18	2,492	2,492	-
Fixed overheads	200	199	(1)	618	619	1
Variable overheads	66	67	1	364	363	(1)
Total running costs	855	873	18	3,474	3,474	-
NRPS	(2)	-	2	865	865	-
NBPS	-	-	-	235	235	-
Other research and project costs	31	32	1	426	426	-
Total Project costs	29	32	3	1,526	1,526	-
Total operating costs	884	905	21	5,000	5,000	-
Total net operating costs	884	905	21	4,900	4,900	-
Transition	17	15	(2)	460	460	-
Total expenditure	901	920	19	5,360	5,360	-

COMMENTARY**Operating costs**

1. Fixed pay costs includes staff pay and members fees. The costs to date are lower than budgeted because the budget assumed a pay settlement would be implemented from 1 April 2012 which has not yet been agreed. In addition there is a vacancy on the Passenger contact team following the resignation of one Senior passenger team adviser in May. This favourable variance has been slightly offset by additional costs for temporary staff providing interim cover. The budget for Members fees assumed that the three board vacancies would be filled from 1 April which has not been the case leading to a favourable variance of £10,000 to date.
2. Fixed overheads includes costs for premises and contracted costs for IT support and Audit services. The costs to date are in line with the budget.
3. Variable overheads for the period are in line with the budget .
4. Project costs for the period are in line with the budget for the period.

Transition

5. Transition costs to date represent costs for the Website refresh and cost for preparation for the London office move and are in line with the forecast.

The budget for Transition costs includes rental costs for Drummond gate for the period from 1 July 2011 when the Fleetbank House lease begins until 30 November 2012 when the Charities Commission take over our Drummond Gate lease, as well as the costs for the move.

The Transition cost budget also includes £40,000 to cover the costs of Board recruitment activity on behalf of the Department in the current year.

COSTS BY DIRECTORATE

£000

	Year to Date			Full Year		
	Actual	Forecast	Variance	Forecast Outturn	Budget	Variance
Passenger issues team	119	121	2	439	439	-
Press and communications	40	43	3	248	248	-
Research	88	93	5	362	362	-
Passenger team	160	157	(3)	644	644	-
Passenger contact team	57	57	-	238	238	-
CEO and Corporate Governance	81	84	3	615	615	-
Resources	289	288	(1)	1,004	1,004	-
Board	52	62	10	250	250	-
Total costs	886	905	19	3,800	3,800	-
NRPS	(2)	-	2	865	865	-
NBPS	-	-	-	235	235	-
Total net operating costs	884	905	21	4,900	4,900	-
Transition costs	17	15	(2)	460	460	-
Total costs	901	920	19	5,360	5,360	-

1. The costs for the teams represent their direct costs and do not include any allocation of overheads.
2. Passenger Team costs are slightly higher than forecast because additional cost for mobile calls were incurred in the quarter. The unfavourable variance will be absorbed within favourable variances on other budget headings in the Passenger Team
The costs for the Board are lower than budgeted because the budget assumed the three Board vacancies would be filled from 1 April 2012. The forecast will be updated at the next budget review to reflect the up to date plans for the appointment of members.
The costs for the remaining teams are in line with the forecast and budgets
3. Transition costs to date are slightly higher than forecast because the costs for the Website refresh were slightly higher than those provided at 31 March 2012. The unfavourable variance can be covered by anticipated favourable variances in the other transition budget headings.

Summary

Total costs to date are £901,000 and are £19,000 lower than forecast and budget and it is anticipated that costs will remain within the allocation of £5,360,000 for the year

During August the forecast will be reviewed and updated to reflect the plans for the remainder of the year