
British Transport Police Fund

Statement of Accounts for the year ended 31 March 2015

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*Ordered by the House of Commons to be printed on
29 June 2015*

Presented to Parliament pursuant to Schedule 4 of the Railways and Transport Safety Act 2003

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Management commentary

Introduction

The British Transport Police Authority (“the Authority”) is an executive non-departmental public body of the Department for Transport (“DfT”), established under section 18 of the Railways and Transport Safety Act 2003.

This Annual Report is submitted to the Secretary of State for Transport under section 58 of the Act.

This Statement of Accounts has been prepared in accordance with the 2014-15 Government Financial Reporting Manual (“FReM”) issued by HM Treasury. This Statement of Accounts for the British Transport Police Fund is presented to Parliament pursuant to Schedule 4, Part 3 17(b) of the Act.

This Statement of Accounts meets the requirements of the Railways and Transport Safety Act 2003. The Statement of comprehensive income for the year is shown on page 58 and the Statement of changes in taxpayers’ equity on page 61. The statement of financial position and statement of cash flows are shown on pages 59 and 60 respectively.

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Strategic Report

Principal activities

The Authority is the governing body for British Transport Police (“BTP”), and is responsible for overseeing the provision of an efficient and effective police service for the country’s rail network. It is an executive non-departmental public body of the DfT, established on 1 July 2004 under the Railways and Transport Safety Act 2003.

It is the Authority’s statutory duty to defray the expenses of BTP and the Authority through contributions from the railway industry. In exercising its statutory duty the Authority consults widely to ensure that the railway community, including the train operators, their staff and their passengers, receive the best possible value from BTP.

The Authority also works closely with the Scottish Government (to which policing in Scotland and the ScotRail franchise are devolved) and the Welsh Government. The Authority’s membership includes a person who has knowledge of the interests of persons in Scotland, who is appointed following consultation with the Scottish Ministers, as well as a person who has knowledge of the interests of persons in Wales, and who is appointed following consultation with the National Assembly for Wales. These two posts are appointed jointly with the devolved administrations.

BTP is the national police force for the country’s rail network. It is responsible for policing the infrastructure maintained by Network Rail, and the trains and stations of the passenger and freight companies operating mainline rail services. BTP also provides policing services to Transport for London services, including London Underground, Docklands Light Railway and Croydon Tramlink Limited, and other metro systems across the UK.

These rail businesses provide a transport service to approximately six million people every day. The rail network is a potential target for terrorist activity. BTP must therefore have an effective counter-terrorist capability which it continues to develop to match the threat. BTP has additionally developed significant expertise in dealing with organised events, providing a well co-ordinated national service for the controlled movement of large numbers of people across the network to attend major sporting and other events.

Accounting Officer role

I have been the Principal Accounting Officer for the Authority since 12 April 2010. As Accounting Officer I have responsibility for overseeing the Authority’s responsibilities, which include developing a strategy, setting a budget, recovering costs from the rail industry and overseeing BTP’s operational performance.

I appointed the Chief Constable as an additional Accounting Officer. These arrangements have allowed the Chief Constable to concentrate on his policing responsibilities.

Key performance indicators

The Authority sets objectives for policing before the beginning of each financial year in the Authority's Policing Plan. These objectives serve as the Authority's key performance indicators. Local policing plans are also put in place each year to both support the national objectives and to recognise local initiatives and issues.

Performance

The Authority's 2014-15 national policing plan performance targets together with a comparison against the previous year, where available, are set out below.

National Policing Plan Objectives	Target achieved	2014-15		2013-14
		Performance	Target	Performance
Reduce police related disruption minutes by at least 6% on the 2013-14 figure	X	1,240,530	1,167,640	1,242,171
Non-suspicious and unexplained fatalities to be cleared within an average of 90 minutes	✓	81	90	76
Average partial re-opening time to be no more than 45 minutes on four track lines	✓	40	45	n/a
Reduce notifiable crime (excluding police generated crime) by at least 4%	✓	44,017	44,648	46,508
Average days lost through sickness to be less than 7.3 days per year	X	7.36	7.30	7.34
To achieve a passenger confidence rating of at least 77.5% (stated performance figure is based on Autumn 2014 NRPS. 2014-15 target to be measured against Spring 2015 NRPS)*	tba	77.25%	77%	76.6%
Rail staff rate personal security at work 'Good' or 'Very Good'**	tba			
To spend 67% of budget on frontline resources	✓	67%	67%	65%

*Passenger Confidence – Please note these are interim figures based on the autumn survey. The results for 2014-15 will be available on 3 July 2015.

**Rail Staff personal security – interim target for rail staff confidence and the final result for the year will be available in the week commencing 22– June 2015.

Crime

In 2014-15 recorded notifiable crime on the railways decreased for the eleventh consecutive year. Notifiable crimes decreased by 8% compared to 2013-14. This represents a 13% reduction compared to 2012-13. Compared to 2013-14, theft of passenger property decreased by 16% and robbery decreased by 18%.

Non-notifiable crimes decreased by 22% compared to 2013-14. As a result, the total number of crimes, including both notifiable and non-notifiable offences, was down by 14% compared to 2013-14.

These reductions in crime have come in the context of increasing passenger journeys in recent years. Official data for 2014-15 is yet to be published at the time of writing, however, the Office of Rail and Road (ORR) reports that there were 1.59 billion passenger journeys made in Great Britain on franchised operators in 2014-15, this was a 5.7% increase compared to 2013-14. Transport for London (TfL) reports that there were 1,265 million passenger journeys on London Underground and 101.6 million journeys on Docklands Light Railway (DLR) in 2014-15, up from 1,229 million on London Underground and 100.0 million on DLR in 2013-14.

Disruption targets

Authority stakeholder consultation activities with industry partners have identified reducing disruption as a key priority. This resulted in reducing disruption being a priority theme in the Strategic Plan.

The 2014-15 Policing Plan included specific targets to reduce police-related lost minutes by at least 6%, for non-suspicious and unexplained fatalities to be cleared within an average of 90 minutes, and to achieve an average partial re-opening time of no more than 45 minutes on four track lines.

There was a 0.1% decrease in police-related lost minutes in 2014-15. This followed a 6% increase in 2013-14, and represented a 6% increase compared to 2012-13.

In 2014-15 there was a 45% reduction in police related lost minutes linked to cable vandalism/theft, compared to 2013-14; there was a 2% increase in fatalities/injuries caused by being hit by a train but a 10% decrease in lost minutes associated with these incidents. Lost minutes caused by trespass increased by 17%. Non-suspicious and unexplained fatalities on the railway were cleared in an average of 81 minutes.

BTP has five year strategic objectives, for 2013-19, to:

- Reduce minutes lost to police-related disruption by at least 20% on the 2012-13 outturn figure.
- Reduce crime on the railway by at least 20% on the 2012-13 outturn figure.
- Increase passenger confidence with personal security on train and on station by at least 10%.
- Achieve the targets above within a Medium Term Financial Plan with annual cost increases within RPI.

Reduce Crime on the railway by 20%

- BTP recorded 2,491 (5%) fewer notifiable offences (excluding police generated) in 2014-15 than in 2013-14, the eleventh successive annual reduction in notifiable crime. Over the eleven years, recorded notifiable crime has fallen by a total of 44%, from 83,380 offences to 46,692.
- Due to the success of Operation Magnum, theft of passenger property (“TOPP”) reduced by a further 2,226 (16%) offences. Tactics used as part of Operation Magnum have included intelligence led proactive deployments and targeted multi-agency operations; crime prevention advice and media campaigns to highlight awareness and prevent members of the public from becoming victims; use of smart-phone tracking applications; an integrated offender management strategy, that addresses criminal behaviour in the longer term; and work with the Association of Train Operating Companies (ATOC) to develop a single national lost property policy.
- BTP’s other main reductions were achieved in robbery (down 81 offences, 18%); serious public order offences which includes crimes such as public nuisance offences, affray, violent disorder and riot offences (down 254 offences, 5%); and cable theft (down 316 offences, 40%).

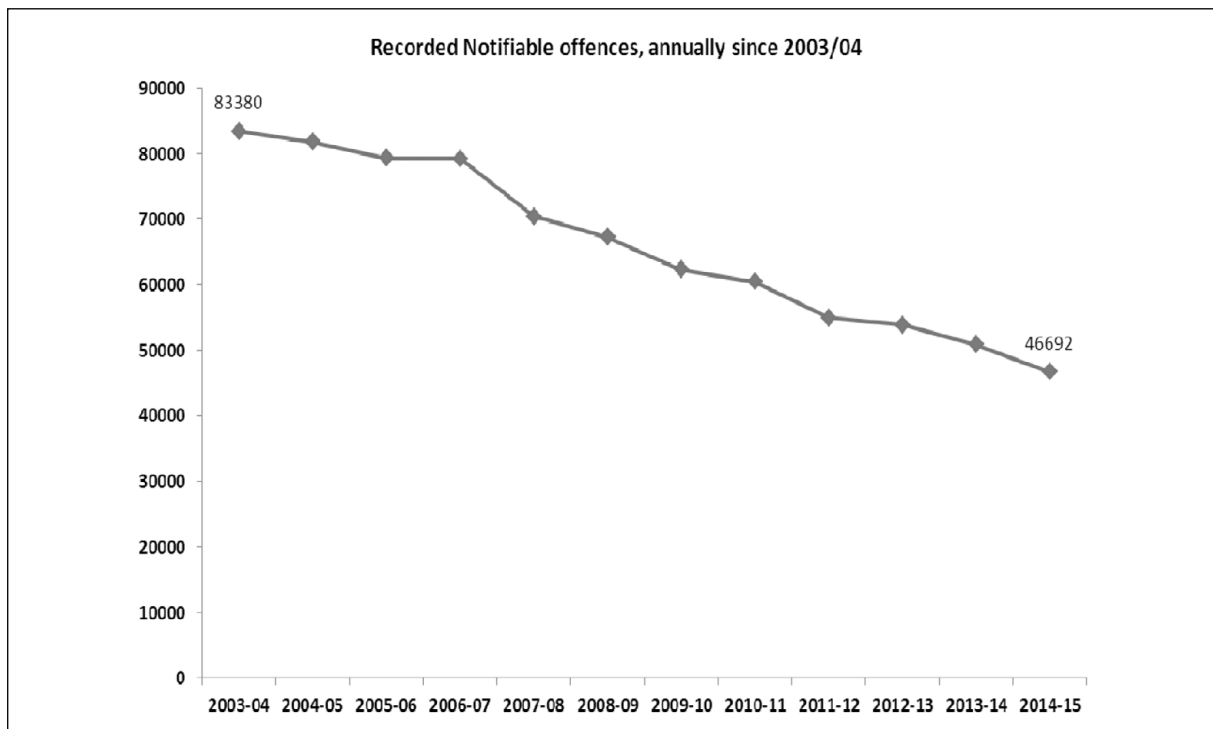


Chart 1 Recorded Notifiable offences, annually since 2003-04

Reduce delay minutes lost by 20%

- There was a marginal increase of 0.1% in police related lost minutes (“PRLMs”) in 2014-15. Of the 2014-15 PRLMs, one per cent of Network Rail incidents caused 41% of the PRLMs, which were mainly suicidal trespassers.

- Cable PRLMs have decreased by a further 30,810 (45%) to 37,687 in the last year. This is consistent with the reduction in cable theft offences, which fell by 40% compared to 2013-14. Since 2010-11, this represents a 90% reduction in PRLMs and an 83% reduction in cable theft offences.
- BTP's clearance times for non-suspicious and unexplained fatalities ranged from 24 to 268 minutes. BTP's average clearance time for non-suspicious and unexplained fatalities was 81 minutes, achieving the 90 minutes fatality management target.

Increase passenger and staff confidence by 10%

- Passenger confidence is measured using passengers' responses to questions about personal security in Transport Focus's National Rail Passenger Survey (NPS) which are completed twice a year in Spring and in Autumn.
- BTP's important strategic objective is how passengers rate their personal safety. In the Spring 2013 survey 75.2% of respondents rated their personal security "Good" or "Very good".
- BTP achieved a passenger confidence rating of 77.25% in the Autumn 2013 survey, up 1.15 percentage points on the previous year. Spring 2015 survey results are due at the beginning of July 2015.
- 83% of the 4,456 respondents to the 12 Victims of Crime Surveys in 2014-15 were satisfied with five out of seven sub-Divisions achieving a satisfaction rating of at least 84%.
- An annual survey of railway industry staff was conducted by BTP for the first time in March 2014. There were 1,577 responses from rail staff, employed by 21 train operating companies. 65.1% of respondents rated their personal security at work "Good" or "Very good".

Communications strategy

2014-15 was the fifth year of the Authority's communications strategy, designed to support the delivery of the strategic plan and better engage the Authority's stakeholders.

The Authority has identified seven key stakeholder groups who have been consulted in implementing year 3 of the Authority's 2013-19 Strategic Plan, including the Policing Plan for 2015-16:

- Police Service Agreement ("PSA") holders, the passenger, freight and infrastructure companies that fund the Authority and the BTP through the annual PSA charges.
- Rail passengers and their representative groups, both national and regional, the key one of these being Passenger Focus.
- Other rail stakeholders including the Rail Delivery Group, the Association of Train Operating Companies, Rail Freight Group, Passenger Transport Executives and the Office of Rail Regulation.
- Police officers and staff and their representatives including British Transport Police Federation, Police Federation, British Transport Police Superintendents

Association, Superintendents Association, Transport Salaried Staff Association and other staff support groups – a key topic for consultation this year was the development of a new officer pension scheme.

- Rail staff and their representatives and unions including Transport Salaried Staff Association, RMT and ASLEF.
- Groups involved in policing in the UK including the Home Office, Association of Chief Police Officers, Her Majesty's Inspectorate of Constabulary, Association of Police and Crime Commissioners, Police and Crime Commissioners, the National Crime Agency and College of Policing.
- Governments (including UK, Scotland and Wales) and government agencies including the DfT and Home Office.

Other communications activities during the year included:

- The Authority's marked its ten year anniversary in 2014 with a stakeholder engagement campaign entitled 'Ten years – Shaping progress together' aimed at significantly developing dialogue with BTPA partners. The campaign sought to:
 - highlight the success of the BTPA over the last ten years and demonstrate the Authority's continued commitment to working with all of its stakeholders to deliver the best possible policing for Great Britain's Railways.
 - Use digital communications to increase engagement.
 - Endorse the successful work of the Authority – support came from key stakeholders including the Minister of State for Transport Baroness Kramer, Network Rail and Transport Focus¹.
 - Engage with Heads of Security in addition to Managing Directors and Finance Directors – to this end BTPA launched its first survey with heads of security to measure its reputation. Feedback from this survey and other drivers was used to formalise ten commitments to industry to be delivered by 2017.
- The Authority secured regular media coverage in 2014-15 including a column in a respected trade magazine and internally via BTP's communications channels which allowed us to push key messages to a core group of stakeholders.
- BTPA has worked successfully with BTP on joint communications matters ranging from issuing statements, to responding to consultations.
- Between 2014-15 BTPA has generated unprecedented media coverage on the role of the Authority, visitor numbers to the website has doubled, the Chair of the BTPA has a regular column in an industry publication and the Authority has responded to key requests from industry with a plan of work made public in the form of ten commitments.

Developments in the rail and policing worlds

The Authority is a member of the Association of Police and Crime Commissioners ("APCC"), and has continued to contribute to national coordination work led by the APCC as well as engaging with individual PCCs on issues affecting their constituencies.

¹ On 30 March 2015 Passenger Focus became Transport Focus

Key activities during 2014-15 included:

- Engagement with Police and Crime Commissioners (PCCs) and other governance bodies to influence the development of policing policy in the areas of:
 - Reform of police complaints and disciplinary system;
 - The establishment of a new Police Chiefs' Council;
 - Workforce issues/Police Conditions of Service.
- The Authority has overseen the transition to a new model of Victim Services commissioning, engaging with the Ministry of Justice, PCCs and other partners to ensure it is able to operate effectively in the new landscape.
- The Authority has also been closely involved in renewing the BTP's focus on its work with vulnerable victims and young people, working with the Department for Transport, Train Operators and other partners.
- The Chairman of the Authority continues to serve on the Governing Boards of the College of Policing and the Police ICT, thus contributing to the development of these important national agencies.
- A response was provided to the HMIC consultation on its business plan for 2015-16 highlighting those areas of particular importance to the policing of the railway and specifically inspections which would provide evidence of the delivery of our strategic objectives to 2019.

The Authority is an associate member of the Rail Delivery Group (RDG) which brings together the owners of Britain's passenger train operating companies, freight operators and Network Rail to provide leadership to Britain's rail industry. BTPA continues to be a member of both the RDG's Policing and Security (P&S) sub-group and its Implementation Group which shape and oversee the work of the rail industry in relation to policing and security matters. Its remit is as follows:

The work of the P&S sub-group has been largely influenced by the priorities within the BTPA Strategic Plan 2013-19 and RDG themes for the current year have included:

- Developing an overall security strategy for the railway;
- Technology requirements arising from the strategy;
- Communications;
- Sharing good practice;
- Addressing police related disruption.

Independent custody visits

Independent custody visitor panels comprise of volunteers who visit police custody facilities, usually in pairs, on a weekly or monthly basis depending on the size of the facility. Visits are, as far as possible, random and unannounced with the volunteers speaking with those being held in police custody to ensure their welfare needs are being met, as well as inspecting the conditions in which detainees are being held. Volunteers then report back to the Authority with any recommendations. Visits

have been made over the past year to Authority facilities in Liverpool, London, and Manchester.

Principal risks and uncertainties

The principal risks and uncertainties to the Authority are detailed in the Governance Report on pages 31 to 43.

Authority Members and Senior Management

During the year there were 4 female (2013-14: 5) and 9 male (2013-14: 11) Authority Members.

During the year there was 1 female (2013-14: 1) and 3 male (2013-14: 3) Senior Management. The Senior Management team includes the two Accounting Officers (the Chief Executive and the Chief Constable of BTP) and the Finance Director.

2. Finance Director's report

Financial performance

The net deficit for the financial year was £24.8m (2013-14: £43.7m), £28.9m of which relates to an IAS 19: *Employee Benefits* pensions ("IAS 19") accounting adjustment. The operating surplus for BTP and BTPA, excluding other amounts that are posted for financial accounts purposes only, is £1.9m.

The Authority has given approval for the surplus to be used to fund the Transformation Programme in 2015/16 which is being implemented to bring about transformational change across the whole of the BTP including implementing an Integrated Systems Programme, Enterprise Data Warehouse and also Mobile Solutions Strategy across the whole force.

Improving efficiency

In December 2014, the Authority approved the 2015-16 Overground Revenue Budget of £208.7m and the BTPA Budget of £2.0m, giving a total budget of £210.7m. The total budget of £210.7m was an increase of 1.7% compared to 2014-15. In addition, £1.6m of underspend from previous financial years was used to reduce the amounts recharged to the PSA holders. This represents a real reduction in the total cost of policing the railways has been achieved through improved efficiency at BTP and the Authority.

Going concern

After adopting IAS 19: *Employee Benefits*, the opening financial position as at 1 April 2014 shows net pension liabilities of £356.5m. The net liability of the scheme on 31 March 2015 was £630.3m, an increase of £273.8m in the year.

The reason for this change is the lower discount rate assumption which has increased the benefit obligation. This has only been partially offset by asset returns in excess of those assumed at the beginning of the year. The DfT, as the Authority's sponsoring department, has agreed to underwrite any pension shortfalls.

The Authority is confident that sufficient resources are available from Police Service Agreements ("PSAs"), Enhanced Police Service Agreements and other forms of income to fund its future expected expenditure. Accordingly it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Creditor payments

The Authority observes the principles of the Department of Business, Innovation & Skills ("BIS") prompt payment guidance and aims to pay all approved invoices in accordance with its stated payment terms or otherwise within 30 days of receipt

of a valid invoice. Copies of the guidance are available from BIS. The Authority uses government procurement cards for small low risk payments. These are paid immediately to the supplier and are not included in the following results.

The Authority had agreed a performance target for 2014-15 of 90% of invoices paid within 30 days of receipt of invoice. In 2014-15 85.2% (2013-14 91.6%) were paid within 30 days of receipt of invoice. On average the Authority takes 21 days (2013-14: 16 days) from receipt of invoice to payment.

British Transport Police Force Superannuation Fund (BTPFSF)

With effect from 1 April 2015, new entrants to the Fund have joined the new Career Average Revalued Earnings (CARE) section which aims to provide benefits which are broadly equivalent to those provided by the Home Office for new officers. On this basis members earn benefits each year based on their salary in that year revalued to retirement in line with CPI plus 1.25% per annum. Whilst all existing members continue to earn final salary benefits, members who joined on or after 1 April 2007 now pay increased contributions equal to 40% of the total cost of benefits from time to time, in line with all other members of the Fund. This means that all such members pay a contribution of 12% per annum of Pensionable Salary from 1 April 2015.

3. Sustainability Report

Commentary on sustainability performance

The Authority has been mandated as part of the Greening Government Commitment (GGC), to become a more sustainable organisation by reducing carbon emissions, mitigating environmental impacts and minimising revenue costs.

The sustainability agenda is closely aligned with the Strategic Plan objective to deliver value for money through continuous improvement. It is an important means of delivering on the National Policing Plan target to increase value for money.

The GGC sets out quantitative and qualitative targets to achieve over the five years 2009-15, starting from a baseline year in April 2009 and ending in April 2015. The scheme requires:

- a 25% reduction in carbon emissions from buildings and transport;
- a 20% reduction in domestic business travel flights;
- a 25% reduction in general waste;
- a 25% reduction in paper consumption;
- a net reduction in water consumption per full time employee (FTE).

The Authority's progress towards meeting GGC targets is overseen by the Department for Transport (DfT) and is monitored by the Cabinet Office and HM Treasury. Best practice ideas are being shared with the Department for Transport Sustainability Group and with the National Police Estates Group (NPEG) Environment Team.

Moving forward the GGC remains in place for 2016-17, although may be subject to change depending on the outcome of the 2015 election. The long term sustainability goals of the UK Government are underpinned by the Climate Change Act (2008) which mandates the UK to reduce its carbon emissions by 80% by 2050 against a 1990 baseline.

A new Energy Manager was appointed at the start of 2015 and has been tasked with producing a Force Sustainability Strategy setting out a programme to reduce BTP's carbon footprint by 2019.

Force level key performance indicators have been endorsed the 2015/16 performance year and will report on progress against annual targets of:

- A 5% reduction in carbon emissions from energy, fleet and business travel;
- A 5% increase in the proportion of waste recycled.

These targets are agreed with the Department for Transport and are aligned with the reporting requirements of the GGC.

Summary of performance

Table 1 below presents progress against the GGC targets, both for the past year 2014-15 as well as for the overall five-year period of the targets from 2009-10.

Table 1: BTP outcomes against Greening Government Commitment targets

Target	%	2014-15 progress	Overall outcomes 2009-2015
Reduction in carbon emissions from buildings and transport	-25%	0.33%	-2%
Reduction in domestic business travel flights	-20%	-48.86%	-29%
Reduction in general waste**	-25%	14.89%	-23%
Reduction in paper consumption	-25%	-23.44%	-19%
Net reduction in water consumption per FTE*	>	-19.17%	-38%

* Any estimates were calculated using a procedure that was internally audited. No data is available for travel on London Underground, buses, trams or coaches.

** Waste tonnage data has been estimated using a procedure that is internally audited.

Energy

Spend	2009/10	2013/14	2014/15
Building energy expenditure (gas & electricity)	£1,393k	£1,238k	£1,175k

The Authority occupies 168 leased properties across England, Wales and Scotland.

An overall 3% reduction in carbon emissions from buildings has been achieved since the baseline year 2009-10. This is largely due to moves into more efficient buildings which, in conjunction with a mild winter in 2014/15, have led to a significant reduction in gas consumption of 20% since 2009/10.

The delivery of a net reduction in carbon emissions from buildings should be viewed as a significant achievement given that the total floor space occupied by the estate has increased by approximately 16% since 2009-10, driven largely by growth in new operational locations in support of frontline policing.

Carbon emissions increased by 0.3% in 2014-15. This is attributable to a change in the carbon emission factors published by DEFRA. These factors are set on an annual basis and reflect the mix of electricity delivered by different power stations. The carbon emission factor increased in 2014/15 due to more coal fired power stations being brought online which, in turn increased the carbon intensity of the electricity being delivered across the country.

LED lighting was extended at Axis House Birmingham during 2014/15 to cover two further wings on the second floor. This further increases energy saving lighting already installed on the first floor of this building.

An energy contract review was undertaken in early 2015 which looked at transferring as many sites as possible over to the Crown Commercial Service contracts for utilities. This ensures that BTP receives the best value possible for utilities and provides an improved data collection/monitoring stream to improve reporting accuracy. Work will be carried out during 2015-16 to review utility costs from third party lease arrangements to realise further savings.

The organisation is rolling out virtualised desktop infrastructure over the course of 2015, which includes thin client machines. This should result in a reduction in energy consumption by technology, both at a local level from the machines themselves and at a more global level with a reduction in localised server room equipment.

The proposed Estates Strategy seeks to maximise utilisation of the existing estate, with large premises such as Caledonian Road targeted for rationalisation upon lease expiry, and forthcoming investments in mobile technologies offering opportunities to pursue 'agile working' to reduce the need for floor space.

Fleet fuel efficiency

Spend	2009/10	2013/14	2014/15
Fleet fuel expenditure (including grey fleet)	£1,275k	£1,939k	£1,757k

The Authority has 561 owned or leased vehicles playing a pivotal role in responding to crime and disruption.

Carbon emissions from fleet vehicles decreased by 6% compared with 2013/14 and 2009/10. These reductions are due to a more efficient fleet and the rollout of more electric vehicles.

The on-going vehicle replacement programme procures new vehicles through the Home Office Procurement Framework set up by the National Association of Police Fleet Managers (NAPFM). The Framework works to replace old vehicles with more fuel efficient ones.

Vehicles are replaced based on their usage and this is reviewed every year. The CO₂g/km rating of the vehicles has been actively reduced and is currently under 120g/km for non-response vehicles, which is below the national recommended rate.

The fleet of hybrid electric Vauxhall Amperas has been increased from one in 2013-14 to six in 2014-15 after their initial trial was a success. The vehicle has a published range of 300 miles on a fully charged battery, BTP's annualised average fuel efficiency is 75 mpg, almost double that of a typical non-response vehicle. The mix of eco-friendly vehicles within the fleet will be expanded further in 2015-16 with the introduction of more hybrid vehicles.

Telematics ('black box') units are currently being trialled in 51 vehicles across the fleet. This trial is in the evaluation phase and will be completed later in 2015. The system will enable the fleet team to improve vehicle deployment and monitor driver behaviour.

Business travel

Spend	2009/10	2013/14	2014/15
Business Travel Expenditure (flights & rail)	£290k	£384k	£319k

BTP polices over 10,000 miles of the national rail system, more than 2,500 national rail stations and 5.5 million daily passengers on national rail, London Underground and the Docklands Light Railway.

The national jurisdiction of the Force requires extensive business travel across England, Wales and Scotland. There was a 2% decrease in business travel year-on-year and a 65% reduction since 2009/10. Spend however has increased, largely due to the rising cost of rail fares during the past five years.

The number of domestic flights has dropped by 25% since the base year 2009-10. This can be attributed to the rollout of video conferencing facilities to more locations, and the mandation of alternative to flights via the business travel application process, alongside other improvements to the travel management process such as a move to online booking procedures and the increased availability of discretionary rail passes which encourage rail travel over air travel.

Waste

Spend	2009/10	2013/14	2014/15
Total waste expenditure (including recycling and IT waste)	£140k	£136k	£189k

Over the course of the GGC BTP has achieved a reduction of 23% of general waste due in large part to the increased availability of recycling facilities and improved staff awareness across the Force.

However, the amount of waste being sent to landfill increased in 2014-15, potentially as a result of the Force Restructure Programme which added an additional 200 officers to frontline establishment and facilitated a widespread housekeeping exercise in changing the Force structure from eight Areas to four Divisions.

Waste costs have also increased in 2014-15. This is due to the large scale clearance of archiving material at Caledonian Road under operation Canberra in 2014-15 which significantly increased the amount of recycled shredded paper produced this year.

The Force intends to include a national waste management service within the forthcoming Facilities Management contract tender. This will greatly improve compliance with the Waste Regulations to provide recycling collections at all BTP sites, as well as boost progress towards achieving the GGC target of zero waste to landfill.

Paper

Spend	2009/10	2013/14	2014/15
Office paper expenditure	£75k	£79k	£57k

GGC requires a 25% reduction in paper consumption, a target narrowly missed with the Force achieving an overall 19% reduction by 2014-15.

Paper consumption in the final year 2014-15 decreased by an impressive 23%.

In 2014-15 the Force rolled out a fleet of 280 multi-functional devices (MFDs) under a new national managed print service contract.

This project withdrew 213 inefficient older model MFDs and over 200 standalone inkjet printers from sites, and enforced a corporate suite of print rules which default all machines to duplex, mono printing. The Force is in the process of mandating PIN-enabled 'pull' printing as a further measure to eliminate waste prints.

Water

Spend	2009/10	2013/14	2014/15
Water Expenditure	£77k	£80k	£82k

The GGC requires an absolute reduction in water consumption per FTE.

Between 2009-10 and 2014-15, a 38% reduction in water consumption was achieved and the target met. The rollout of zip taps, reactive maintenance quickly addressing any water leaks and dual flushes on all new toilets have all contributed to this reduction.

BTP's water consumption per FTE is 13m³, representing a 7m³ reduction in the organisation's overall rate of consumption per FTE since 2009/10. This is, however, above the recommended good practice guidance of 6m³ and represents an on-going challenge.

In 2014-15, there were 19 best practice premises, 9 good practice, and 32 poor practice properties. This is an improvement on the baseline position from 2009-10.

A.C. Figgures CB CBE

Accounting Officer

Date 25 June 2015

Chief Executive's Report

Structure of the Authority

The membership of the Authority during 2014-15 is set out below:

Urmila Banerjee CBE

Chairman

BTPA responsibilities:

- Police Authority: Chairman
- Strategy and Planning Committee
- Appointments and Remuneration Committee
- Portfolio allocation: Chief Constable
- Authority Lead on Equality and Diversity

Appointments outside BTPA:

- Working Links: Chair
 - College of Policing: Non-geographic and Non-elected Police and Crime Commissioner
 - East London Trust: Board Member
 - Nominet Trust: Chair (resigned 18 February 2014)
 - High Sheriff of Greater London (tenure ended 11 April 2013)
 - Barts Health NHS Trust: Non-executive director (resigned 7 May 2013)
-

Brian Phillipott

Deputy Chairman

BTPA responsibilities:

- Police Authority: Deputy Chair
- Audit and Risk Assurance Committee: Chair
- Appointments and Remuneration Committee: Chair
- Strategy and Planning Committee
- Portfolio allocation: Deputy Chief Constable

Law Adams OBE (resigned 30 June 2014)

Member with knowledge and experience of rail employee interests

BTPA responsibilities:

- Police Authority
- People and Standards Committee
- Policing Plan Group
- Pension Working Group
- Portfolio allocations: London North area and Lead on Health and Safety

Appointments outside BTPA:

- Brackenbury Manor Owners Limited: Chairman
 - Friends of the National Railway Museum, York: Member
 - Transport Benevolent Fund: Patron
-

Dominic Booth (appointed 1 September 2013)

Member with knowledge and experience of providing railway services

BTPA responsibilities:

- Police Authority
- Strategy and Planning Committee
- Finance Committee: Chair (from 18 March 2014)
- Policing Plan Group
- Portfolio allocations: London South

Appointments outside BTPA:

- Abellio Group: Managing Director for the UK
 - Northern Rail: Board Member
 - Mersey Rail: Board Member
 - Greater Anglia: Board Member
 - ScotRail: Board Member
-

Patrick Butcher (Resigned 1 November 2014)

Member with knowledge and experience of providing railway services

BTPA responsibilities:

- Police Authority
- Strategy and Planning Committee

Appointments outside BTPA:

- Network Rail: Group Finance Director
-

Catherine Crawford OBE (appointed 1 September 2013 – March 2015)

Member with knowledge and experience of passenger interests

Catherine Crawford served as a member of the Authority since September 2013. Sadly, Catherine died in March 2015. Catherine was a valued, respected and well liked member of the Authority Team and she will be sadly missed.

BTPA responsibilities:

- Police Authority
- Audit and Risk Assurance Committee
- Appointments and Remuneration Committee
- Performance Review Committee
- Policing Plan Group

Appointments outside BTPA:

- Cambridgeshire: Police and Crime Commissioner and Member Joint Audit Committee
- Maytree Trust: Trustee
- Police Foundation: Trustee
- Internet Watch Foundation: Board Member
- Bell Foundation: Trustee

Elizabeth France CBE

Member with knowledge and experience of passenger interests

BTPA responsibilities:

- Police Authority
- Strategy and Planning Committee
- Performance Review Committee
- People and Standards Committee
- Policing Plan Group
- Portfolio allocations: North Western Area

Appointments outside BTPA:

- Office for Legal Complaints: Chair
- Security Industry Authority: Chair
- Aberystwyth University: Vice-President
- Manchester University General Assembly: Member
- UK Public Affairs Council: Chair (Appointments Committee)

Len Jackson

Member with knowledge and experience of passenger interests

BTPA responsibilities:

- Police Authority
 - Appointments and Remuneration Committee
 - Strategy and Planning Committee
 - People and Standards Committee: Chair
 - Portfolio allocations: North Eastern Area
 - Ministry of Defence Police Committee Member: Non-Executive Director with MOD
-

Bill Matthews

Member with knowledge and experience of passenger interests in Scotland

BTPA responsibilities:

- Police Authority
- Audit and Risk Assurance Committee
- Finance Committee
- Performance Review Committee
- Policing Plan Group
- Pension Working Group
- Portfolio allocations: Scotland Area and ACC (Scotland)

Appointments outside BTPA:

- Security Industry Authority: Deputy Chair
- BBC Trust: Trustee for Scotland
- HubWest Scotland Limited: Chair
- BBC Pension Trust Limited: Chair
- M2M2 Limited: Director

Mark Phillips (appointed 1 September 2013)

Member with knowledge and experience of providing railway services

BTPA responsibilities:

- Police Authority
- Strategy and Planning Committee
- People and Standards Committee
- Performance and Review Committee
- Policing Plan Group: Chair
- Portfolio allocations: South Division

Appointments outside BTPA:

- RSSB – Director of Standards
-

Andrew Pollins (appointed 1 September 2013)

Member with knowledge and experience of providing railway services

BTPA responsibilities:

- Police Authority
- Audit and Risk Assurance Committee
- Performance and Review Committee
- Finance Committee
- Pension Working Group: Chair
- Portfolio allocations: London Underground

Appointments outside BTPA:

- London Underground Limited – Finance Director
 - London Underground Limited, Docklands Light Rail Limited, Rail for London Limited, Tramtrack Croydon Limited, TfL Trustee Company Limited - Director
 - Transport for London Pension Fund – Trustee Director
-

Stella Thomas

Member with knowledge and experience of passenger interests in Wales

BTPA responsibilities:

- Police Authority
 - Audit and Risk Assurance Committee
 - Finance Committee
 - People and Standards Committee
 - Policing Plan Group
 - Portfolio allocations: Wales and Western
-

Anton Valk

Member with knowledge and experience of providing railway services

BTPA responsibilities:

- Police Authority
- Strategy and Planning Committee: Chair
- Appointments and Remuneration Committee
- Pension Working Group

Appointments outside BTPA:

- Managing Director Valk Management & Advice Ltd
- Non-Executive Director: British Quality Foundation

Engagement with employees

The following staff associations are recognised by BTP:

- British Transport Police Federation;
- Superintendents Association;
- Transport Salaried Staff Association.

The following support groups operate in BTP:

- Association of Muslim Police;
- Christian Police Association;
- Disability Equality Support Association;
- Lesbian, Gay, Bisexual and Transgender Support Association;
- Support Association for Minority Ethnic staff.

Employees also have access to the Jewish Police Association.

Disability Management

British Transport Police enforces the Guaranteed Interview Scheme for disabled applicants, both internal and external, which will guarantee them an interview providing that the applicant meets the minimum criteria for the job which they are applying. All reasonable adjustments are made in order to accommodate the candidate during the application and interview process and full written guidance on how to provide accessible and inclusive meetings is published and available to all employees. The force also has a process in place to facilitate consultation with the Occupational Health Department and the Diversity & Inclusion Manager to ensure that all appropriate reasonable adjustments, including the use of adaptive software, alternative and/or more accessible environments and flexible or agile working arrangements are considered on a case by case basis.

BTP implements a Disability at Work policy which aims to support employees within the workforce, as well as offer guidance and advice to line managers and to ensure a consistency of approach to support all of our disabled employees. In addition, specific briefing sheets are available to employees covering a range of topics including How to Make Adjustments in Employment, Disability and the Equality Act 2010, Managing Redundancy as well as Managing Sickness Absence.

BTP has an internal Employee Support Association, DESA (Disabled Employee Support Association), which supports all employees and the organisation by offering welfare support and guidance as well as acting as subject matter experts for any operational community cohesion and liaison issues as well as consultation on the development of new policies and force strategies. Bespoke annual training is delivered to all DESA representatives in order to ensure integrity and the testing and quality assurance of service offered. BTP is also partnered with the Business Disability Forum, which

provides specific advice and guidance as well as training for line managers in disability issues.

BTP employs a range of Positive Action initiatives by which employees from under-represented groups, including disabled employees, are considered for positive action development and promotion initiatives.

The Authority, via its Performance Review Committee, has been working closely with BTP during 2014-15 to review its equality objectives and identify priorities to inform the BTP Equality and Diversity Strategy to 2019.

Employee interests

BTP consults with representative groups including DESA, our Employee Support Association for disabled employees, on all matters that affect our employees. This includes the development and implementation of new policies and procedures as well as the adoption of new or amended Authorised Professional Practice.

BTP consulted further during 2014/15 by way of conducting the 'Make your Difference' employee survey, launched as part of the Chief Constables 10 Commitments. This survey, facilitated by an external third party organisation to ensure a fair and transparent process, resulted in a full response action plan being designed and implemented as well as the publication of the full benchmark report to all employees.

Resource availability

A high level of attendance from officers and staff is essential to BTP's service. The Authority's Performance Review Committee is responsible for monitoring the attendance of police officers and police staff. The 2014-15 Policing Plan set a target of less than 7.3 days of sickness absence per employee, the actual overall number of days sickness per employee was 7.4.

The breakdown of the number of days sickness is as follows:

	2014-15	2013-14
Police officers	7.9	6.8
Police staff	6.8	7.9
Police community support officers	6.6	9.3
All officers and staff	7.4	7.3

The staff costs and details on the average number of persons employed are set out in note 4 to the accounts.

Research and development activities

The Authority undertakes research into a wide range of activities. The findings are used to develop and improve BTP's operational and support capabilities to deliver its key objectives to reduce and investigate crime and provide public safety and assurance as well as the overall efficiency of BTP.

Some notable examples include:

- In depth consultation with senior industry stakeholders to understand how BTP is viewed and valued key stakeholder groups – the reach of this work was broadened this year to specifically include industry heads of security for the first time;
- Consultation with passengers and rail staff to ensure that their views are taken into account when setting targets and priorities. This year questions on the National Rail Passenger Survey have been refreshed and a new rail staff survey developed with BTP;
- Working with passenger representative groups to broaden the Authority's network of contacts and information sources;
- Identification and sharing of best practice with other police forces and organisations to improve processes and ways of working;
- Regular strategic reviews of the external environment in which BTP will be operating in the short and medium term to provide a guide and reference tool for its decision makers;
- Regular analysis of intelligence and other information to optimise use of resources.

Environmental matters

The following environmental activities have been completed during 2014-15 as part of the Authority's environmental strategy:

- Ensuring that all of the Authority's and BTP's works and projects met legislative requirements;
- Designing energy efficiency into new buildings, equipment and services;
- Reducing material consumption in BTP and Authority operations;
- Ensuring reuse rather than dispose of, whenever possible;
- Promoting recycling and the use of recycled materials within BTP and the Authority.

A detailed Sustainability Report has been included on page 15.

Personal data related incidents

There were 42 (2013-14: 49 restated from 15 which was the reported figure last year) incidents involving personal data breaches. Of these 3 (2013-14: 0) were reported to the Information Commissioner.

Estates

The Authority does not hold extensive estates. The majority of its property is leased from Network Rail.

Pension arrangements

BTP has follows IAS 19: *Employee Benefits* which has resulted in the liabilities of the British Transport Police force Superannuation Fund (“BTPFSF”) and the British Transport Section of the Railways Pension Scheme (“RPS”) being recorded on the Statement of Financial Position. Refer to notes 22 and 23 for further disclosure relating to the two pension schemes. Refer to note 1.22 for the Authority’s accounting policy for pensions.

An actuarial valuation of the Police Staff pension section of the RPS fund was agreed as at December 2013. The valuation presented a funding level of 105.5% on an asset base of £86.3m.

The last full valuation of the British Transport Police Superannuation for Police Officers’ fund took place as at 31 December 2012. It had an asset base of £846m and had a funding level of 98%. A recovery plan to make good the deficit of £18m was agreed with the Trustee of the fund.

Auditors

The accounts of the Fund are audited by the Comptroller and Auditor General (“C&AG”) under the Railways and Transport Safety Act (2003). The cost of the audit is £106,000 (2013-14: £116,000). The C&AG did not undertake any non-audit work for the BTPA (2013-14: £nil).

As far as the Chief Executive, as Accounting Officer for the Authority, and the Finance Director are aware, all relevant audit information has been made available to the auditors. The Chief Executive has taken all necessary steps required to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Events occurring after the reporting date

There have been no events occurring after the reporting date of 31 March 2015 that would have a material impact on this Statement of Accounts.

The date the accounts are authorised for issue is the date that they are certified by the Comptroller and Auditor General.

A.C. Figgures CB CBE

Accounting Officer

Date 25 June 2015

Statement of Accounting Officer's responsibilities

Under the Railways and Transport Safety Act (2003) the Secretary of State for Transport has directed the Authority to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Authority and of its income and expenditure, cash flows and taxpayers equity for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Account Direction issued by the Secretary of State including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on a going concern basis.

The Accounting Officer of the Department has designated the Chief Executive as the Principal Accounting Officer of the Authority from 12 April 2010. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Authority's assets, are set out in the HM Treasury publication Managing Public Money.

The Chief Constable has been appointed as an Additional Accounting Officer.

Governance Statement

Accounting Officer's introduction to corporate governance

As Accounting Officer for the British Transport Police Fund I have responsibility for maintaining a strong system of internal control that supports the achievement of the British Transport Police Authority ("the Authority") policies, aims and objectives, whilst safeguarding the funds and assets for which I am personally responsible in accordance with the responsibilities assigned to me by the Secretary of State for Transport.

The Chief Constable is appointed as an additional Accounting Officer with particular responsibility for the budget, transactions and associated matters relating to BTP's financial management, policies, aims and objectives.

The Authority Chair ("Chair") and I, as Chief Executive of the Authority have access to the Secretary of State for the Department for Transport and the ministerial team when required to discuss policing and strategy. The Chief Constable has similar access to discuss operational policing. I, as Chief Officer together with the Chief Constable have regular meetings with DfT officials and the Permanent Secretary. The Authority Finance Director attends meetings with the DfT financial leadership team, including the DfT Finance Director, on a regular basis.

The Structure of the Police Authority

The purpose of the Authority is to ensure an efficient and effective police force. Its statutory duties are:

- Secure the maintenance of an efficient and effective police force;
- Ensure the efficient and effective policing of the railways;
- Appoint the Chief Constable, Deputy Chief Constable, Assistant Chief Constables and the Director of Corporate Resources;
- Enter into Police Service Agreements with railway operators;
- Regulate the government, administration and conditions of those employed by the Force;
- Set a strategy for policing the railway;
- Set objectives for the policing of the railway;
- Set the budget each year of expected income and expenditure and recover the costs.

In discharging these functions the Authority bases its decisions on:

- the requirements of passengers, staff, other rail users and stakeholders in relation to personal security and policing;
- the professional advice from the Chief Constable;

- the commercial and operational challenges of the rail and train operating companies and their priorities for policing.

With this knowledge, as an independent body, the Authority then makes its own judgements about how to secure an efficient and effective police force which it reflects in its Strategy, Policing Plan and budget decisions.

The Chair and Members of the Authority (“Members”) are appointed by the Secretary of State. Members are drawn from people who have experience of the rail industry, railway staff, the travelling public and others with designated experience, but they are not intended to be representatives of those interests. There are also Members with knowledge of the interests of persons in England, Scotland and Wales, in the case of the latter, two Members have been appointed in consultation with Scottish ministers and the Welsh Government respectively. In the Authority, Members work together and act as a single corporate body.

The Chair has particular responsibility to provide effective and strategic leadership to the Authority. The Chair will ensure that all Members of the Authority, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities and will undertake an annual appraisal of Members. The Chair will work closely with the Chief Constable and the Chief Executive to facilitate the business of the Authority.

Members each have a corporate and collective responsibility to ensure that the Authority properly discharges its functions. In doing so, each Member is required to attend all full Authority meetings and the meetings of those committees and groups to which they have been allocated. In addition to attendance at full Authority and committee meetings, the Authority may agree that Members should take on additional roles to assist in furthering the Authority’s objectives.

Details of the Members are set out on pages 20 to 25 of the Director’s report.

The Authority meets six times a year. At three of these meetings the Authority is required to make specific annual decisions.

Attendance by the Members during the year at the full Authority is set out below:

Member name	Number of full Authority meetings eligible to attend	Number of full Authority meetings attended
Members as at 31 March 2015		
Urmila Banerjee	6	5
Brian Phillipott	6	6
Dominic Booth	6	6
Elizabeth France	6	6
Len Jackson	6	5
Bill Matthews	6	5
Andrew Pollins	6	5
Mark Phillips	6	6
Stella Thomas	6	6
Anton Valk	6	6
Catherine Crawford	5	2
Members who left during the year		
Lew Adams	1	1
Patrick Butcher	2	1

Executive Team

The Authority has an Executive Team of twelve led by myself, Andrew Figgures, Chief Executive. I am the principal advisor to the Authority and I lead and direct the Authority staff to ensure the Authority achieves its objectives. I am also the Accounting Officer of the Authority.

Charlotte Vitty serves on the team as Authority Finance Director and Deputy Chief Executive. Charlotte provides independent financial advice to the Authority in all aspects of its activity, including the strategic planning and policy making process, as well as on budgetary matters. The Authority Finance Director works closely with BTP's Director of Corporate Resources and BTP's Head of Finance to ensure that the financial affairs of the Authority and the Force are properly administered and financial regulations are observed and kept up to date.

Ben Wright served on the team as Interim Authority Finance Director until September 2014.

How the Authority Works

Each year the full Authority:

- Updates its medium term strategy and annual policing plan in consultation with its stakeholders;
- Ensures that BTP is adequately resourced and has a budget that reflects the strategy, plans and priorities agreed with the Chief Constable and provides value for money;
- Recovers the costs of policing the network, from the rail and train operating companies who use it;
- Keeps under review what happens on the ground to ensure that objectives are achieved and to inform the roll forward of the strategy and plans.

The Authority has agreed an annual business cycle for its work to help it ensure that it maintains focus on key work streams in a timely and efficient way. It meets six times a year. There are three Authority meetings where there is a fixed agenda and specific annual decisions and approvals are required.

Standard decisions to be made through the year include:

- Approve a budget, strategy and medium term financial plan in December of each year;
- Approve a policing plan in March;
- Approve annual accounts so that they can be signed off by the Accounting Officer in June.

The Authority conducts most of its business through its meetings. It appoints groups of Authority Members as necessary to take forward its business and to handle specific matters.

The Chair of the Authority after consultation with Members and the Chief Executive is authorised to appoint to such groups as necessary. All such groups will be reviewed at the annual meeting of the Authority.

All decisions are made at the full Authority unless specifically delegated to a Group or Committee and enshrined in its terms of reference. The full Authority retains total responsibility for governance.

During the year the Authority completed the following key actions:

- The BTP strategic plan for the period from 2013 to 2019 was approved;
- The overall budget for 2015/16 was approved (an increase of 1.7% compared to 2014-15);
- The Authority approved the use of £0.79m of under spend in 2014-15 to reduce the charges for the train operating companies in 2015-16;
- The Authority approved the use of £1.1m of under spend in 2014-15 to contribute to funding the Transformation Programme;

- The assumptions and the results of the valuation of the British Transport Police Force Superannuation Fund (BTPFSF) and the British Transport Police Section of the Railways Pension Scheme were agreed with the Trustee of the scheme;
- The implementation of the new CARE scheme under the BTPFSF which aims to provide benefits which are broadly equivalent to those provided by the Home Office for new officers;
- The financial scheme of delegation was refreshed and the Cabinet Office required authorisations were incorporated in these delegations.

The Authority maintains six standing committees:

- Appointments and Remuneration;
- Audit and Risk Assurance;
- Finance;
- Performance Review;
- People and Standards;
- Strategy and Planning.

Appointments and Remuneration Committee

The Appointments and Remuneration Committee has delegated responsibility from the Authority to approve the remuneration packages and performance related pay for executive appointments at the Authority and chief officers and equivalents at BTP.

The Appointments and Remuneration Committee is given the responsibility of reviewing the detail and making recommendations to the Authority on police officer and staff terms and conditions below chief officer ranks and has no delegated powers to approve proposed terms and conditions changes for officers and staff.

The Appointments and Remuneration Committee is responsible for:

- Acting on behalf of the Authority to make the arrangements for and appointment of chief officers and equivalent appointments, including the approval of the recruitment process and contracts of employment for chief officers;
- Acting on behalf of the Authority, working with the Chief Constable, to make chief officer temporary and acting appointments expected to last beyond 6 months;
- Acting on behalf of the Authority, working with the Chief Constable, to agree chief officer secondments to and from the force expected to last beyond 6 months;
- Determining the payment or otherwise, of performance related payments and other remuneration packages to the Chief Constable, Deputy Chief Constable, Assistant Chief Constables and equivalents;
- Acting on behalf of the Authority to make the arrangements for and appointment of the Chief Executive and Authority Finance Director;
- Considering and approving the remuneration package for the Chief Executive and Authority Finance Director;

- Considering and approving packages on termination for employees of chief officer rank or equivalent in both BTP and BTPA. For the avoidance of doubt, this includes for example discretionary awards and payments, discretionary pension enhancements and ex gratia payments;
- Considering any relevant matters in respect of Police Negotiating Board, Police Advisory Board, and other national bodies in relation to police officer and police staff terms and conditions and recommend a way forward to the Authority;
- Having due regard, in exercising the Committee's responsibilities, to equal opportunities and the requirements of equalities legislation.

The Appointments and Remuneration Committee meets at least 2 times a year. The Chair of the Committee may convene additional meetings, as they deem necessary. The Appointments and Remuneration Committee will formally report in writing to the Authority after each meeting.

Audit and Risk Assurance Committee

The purpose of the Audit and Risk Assurance Committee is to review and advise on matters relating to the internal and external audit of the Authority. It also provides an opinion on the effectiveness of the monitoring processes and whether reliance can be placed on the Authority's internal controls.

The Audit and Risk Assurance Committee will provide the Authority and Accounting Officer with an Annual Report, timed to support finalisation of these financial statements and this Governance Statement, summarising its conclusions from the work it has done during the year.

The Audit and Risk Assurance Committee advises the Authority on:

- The effectiveness of the BTPA and BTP's plans for risk management and business continuity, including disaster recovery, and strategic processes for risk, control and governance and the Governance Statement;
- The accounting policies, the accounts, and the annual report, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
- The planned activity and results of both internal and external audit and Her Majesty's Inspectorate of Constabulary;
- The adequacy of management's response to issues identified by audit activity, including external audit's management letter;
- The assurances relating to the corporate governance requirements for the organisation;
- Anti-fraud and corruption and whistleblowing processes;
- Compliance with and performance against statutory duties.

The Audit and Risk Assurance Committee may also approve the internal and external audit strategy.

The Audit and Risk Assurance Committee have delegated responsibility from the Authority for:

- Financial statements and Governance statement (May meeting);
- Annual Health and Safety opinion (May meeting);
- Management Assurance Return (January and May meetings).

The internal audit and the external audit team have free and confidential access to the Chair of the Audit and Risk Assurance Committee.

The Audit and Risk Assurance Committee meets at least four times a year, The Chair of the Committee may convene additional meetings, as they deem necessary. The Audit and Risk Assurance Committee will formally report in writing to the Authority after each meeting.

Finance Committee

The Finance Committee is responsible for:

- Advising the Authority on the preparation of the annual revenue and capital budget;
- Assessing financial reports and ensuring there is effective review of the Authority's financial performance;
- Reviewing the annual Police Service Authority ("PSA") charges;
- Assessing progress against delivery and spend on capital projects and major revenue schemes approved by the Authority in accordance with the scheme of delegation;
- Examining post completion reports for all capital and major revenue schemes approved by the Authority in accordance with the scheme of delegation;
- Preparing a quarterly summary of spend versus budget to be prepared and sent to the Authority members for review and comment.

The Finance Committee meets at least six times a year, The Chair of the Committee may convene additional meetings, as they deem necessary. The Finance Committee will formally report in writing to the Authority after each meeting.

Performance Review Committee

The Performance Review Committee is responsible for reviewing British Transport Police's recent performance.

The Performance Review Committee is responsible for:

- Monitoring and challenging BTP's operational and organisational performance and efficiency against criteria which are defined and refreshed annually to include operational and organisational KPIs and outputs from external inspections;

- Overseeing the deployment of taser and firearms and ensuring the delivery of mandatory training to maintain these capabilities;
- Providing a regular update to the Authority on progress with performance including the key issues and actions arising;
- Requesting and considering information from BTP, BTPA, stakeholders and other sources to support scrutiny activities in terms of internal and external comparison and benchmarking of performance;
- The preparation of the Authority's Annual Performance Report.

The Performance Review Committee meets at least four times a year. The Chair of the Committee may convene additional meetings, as they deem necessary. The Performance Review Committee will formally report in writing to the Authority after each meeting providing a quarterly performance report and highlighting any other significant matters arising.

People and Standards Committee

The People and Standards Committee is responsible for:

- Assessing the measures taken by BTP to ensure police integrity, counter corruption and identifying breaches of regulations;
- Responding to consultations on police integrity and pertaining to professional standards;
- Assessing the impact to the Authority and BTP of proposed changes in the professional standards and police integrity area, making appropriate recommendations to the Authority;
- Satisfying itself as to the operation of the complaints, discipline and grievance processes within BTP;
- Overseeing BTP compliance with legislative requirements and guidance with respect to custody facilities;
- Analysing the output from the independent custody visiting scheme and escalate any issues as appropriate;
- Overseeing BTP's complaints and discipline processes;
- Tracking trends in relation to public complaints, non complaint investigations and investigations into civil claims and internal matters conducted by the Professional Standards Department and make recommendations as appropriate;
- Monitoring the mandatory requirement for referral of cases to the Independent Police Complaints Commission;
- Overseeing the development and maintenance of BTP's capability and representation through the monitoring of key Human Resources data relating to recruitment, retention, progression and management of attendance;
- Assessing counter corruption and integrity practices;
- Overseeing BTP's human resources and the work of the Professional Standards Department.

The People and Standards Committee meet at least 4 times a year. The Chair of the Committee may convene additional meetings, as they deem necessary. The People and Standards Committee will formally report in writing to the Authority updating on any other significant matters arising.

The Strategy and Planning Committee

The Strategy and Planning Committee is responsible for:

- Producing a Strategy and Medium Term Financial Plan (“MTFP”) for consideration by the Authority;
- Preparing the Policing Plan in line with the strategy and stakeholder requirements;
- Ensuring an effective consultation with stakeholders in the preparation of the Strategy, MTFP, and Policing Plan;
- Agreeing performance metrics with BTP;
- Assessing performance against the defined criteria of the Policing and Strategic Plans;
- Requesting and considering other information from BTP, BTPA, stakeholders and other sources to support scrutiny activities;
- Overseeing development of an annual report from the Authority.

The Strategy, Planning and Performance Committee meets at least 4 times a year. The Chair of the Committee may convene additional meetings, as they deem necessary. The Strategy and Planning Committee will formally report in writing to the Authority highlighting progress against the Policing Plan and Strategy development processes and any significant matters arising.

Risk management

Risk management is embedded in the management of the Authority and supported by the Authority Finance Director, a professional risk manager within BTP and the Audit and Risk Assurance Committee.

The approach is underpinned by a policy and standard operating procedure as well as a risk reporting regime that is available to all employees.

Risks are assessed against their potential impacts on safety, finance, performance and reputation on a four-point scale and are considered from both operational and strategic perspectives.

Risk appetite within the Authority is defined by the ability of individual departments to manage risks without recourse to other parts of the organisation rather than by set escalation criteria.

Risks are monitored through risk registers which are reviewed by the BTP Senior Management Team, Authority Executive, Audit and Risk Assurance Committee and the Authority.

The BTP management team review both strategic and operational risks on a quarterly basis. The risks are then reviewed each quarter at Audit and Risk Assurance Committee meetings alongside the Authority’s strategic risks.

The BTP and Authority risks are then reported to the Authority at the Authority meetings. The BTP and Authority risks are also presented to the DfT sponsorship team and consolidated in to the DfT risk register where the risks are considered to be a significant risk to the DfT.

Strategic risks

Strategic risks are rated as high, medium or low dependant on their impact and likelihood. The Authority has considered the risks and during 2014-15 the major risks faced are summarised in the following table:

Thematic risk	Narrative
Charging of core PSA holders	<p>The Railways and Transport Safety Act 2003 requires that the contribution to policing costs made by all parties approximately reflects the nature and extent of functions undertaken in that financial year.</p> <p>The core PSA holders are charged for policing costs using the Matrix charging model (“the model”) which has been developed in consultation with the rail industry. The model was first used to calculate the core PSA Holders provisional PSA charge for the 2013-14 financial year and there were no disputes and all invoices have been paid in full.</p> <p>The charges calculated by the model are dependent on a number of variables including actual costs incurred in each police area, police time recorded by BTP command and control, recorded crimes, station usage, timetabled train kilometres and network access charges. Due to the nature and number of inputs into the model there will be variations to the amounts charged to the PSA holders each year. There is a risk that this could lead to disputes with PSA holders if their PSA charges unexpectedly increase compared to the previous year.</p> <p>At the time of reporting there are ongoing discussions with two of the PSA holders regarding the 2015/16 provisional PSA charge and 2013/14 actuals.</p> <p>The Authority will continue to review the methodology used in the model to ensure that it represents the fairest possible way to recharge the core PSA holders. The Authority will liaise with the core PSA holders on an ongoing basis to ensure that they are kept aware of any developments to the charging process to minimise the risk of disputes in the future.</p>

Thematic risk	Narrative
New Pension Strategy	<p>The cost of providing a defined benefit pension to police officers and police staff continues to escalate due to the increased life expectancy of current and future pensioners, increases in the cost of living and the potential poor performance of investments.</p> <p>The combined deficit of the British Transport Police Force Superannuation Fund and the British Transport Police Section of the Railways Pension Scheme at 31 March 2015 was £630.3m.</p> <p>To manage the future costs, during 2014/15 the Authority carried out consultation concerning a new Pension Scheme for Police Officers and it was approved and implemented on 1 April 2015.</p>
Scotland Act	<p>Following the publications of the Smith commission report the Authority will need to work with the Scottish Government to develop a model that supports the proposal to devolve the function to the Scottish Government. Dependant on the chosen model additional work will be required with all parties involved along with assessing its impact on the Authority.</p>
Legislative anomalies	<p>As a police service falling under the remit of the Secretary of State for Transport rather than the Home Secretary, BTP together with other non-Home Office police forces is sometimes overlooked when legislation affecting the powers of police forces is drafted. An example of this would be the power to require registered owners of vehicles to provide information under the Road Traffic Act.</p> <p>The Authority has recognised that there is a need to address this and has met with the Home Office to address these anomalies. A number of amendments were included in the Infrastructure Act which received Royal Assent in February 2015. There are still a number of amendments that the Authority would like considered, these will be progressed now that the General Election has been completed in May 2015.</p>
Enhanced Police Service Agreement (“EPSAs”)	<p>When an EPSA is signed BTP will recruit the required number of police officers to complete the required work. The EPSA contracts will generally be for a period of one year.</p> <p>If a number of parties decided not to renew their EPSA agreements at the same time it could result in BTP losing funding for a number of police officers at the same time.</p> <p>A report has been prepared that lists the EPSAs, value of the agreements and number of police officers that are employed and this is monitored on an ongoing basis to ensure that BTPA is not exposed to a significant decrease in revenue.</p>
Emergency Services Mobile Communication Programme.	<p>The Home Office are replacing the existing Airwave emergency services system with a new integrated voice and broadband service.</p> <p>The BTP may not be provided the funding for the transition from Airwave to ESMPC due to BTP’s different funding arrangements. This could result in increased costs from transitioning to the new service.</p>

Commentary on internal control

The Authority's internal auditors, (Government Internal Audit Agency), take a risk based approach to the internal audit. The annual internal audit plan was agreed by the Authority and the planned work for 2014-15 has been completed. All control weaknesses that have been identified are being addressed through management action plans.

There is a requirement for the Authority to complete and return the DfT Management Assurance Return twice a year. The Authority use the work associated with completing this return as a basis to identify potential weaknesses in systems of internal control which inform the planning of the annual internal audit plan.

Whilst considerable progress has been achieved throughout the year, and the robustness of the assurance has been improved, further work is planned to encourage continuous improvement and prevent risk-averse attitudes undermining achievement of objectives. Internal audit and the NAO are consulted on all significant proposed changes.

Data security issues

The Authority has recorded no data security breaches that it was not able to manage adequately or resolve.

Conclusion

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control and compliance with the Corporate Code of Governance for the Authority. My review is primarily informed by the work of internal audit, by the management assurance reporting of the Authority Finance Director and the executive managers in BTP who are responsible for the development and maintenance of the internal control framework and by comments made by external auditors in their management letter and other reports.

The Chief Constable as Additional Accounting Officer has written to me at the year end confirming that all managers who have been provided with delegated responsibility have understood and fulfilled their responsibilities with regard to the operating cost budget.

The 2014-15 annual internal audit report has stated that during the financial year moderate assurance can be taken on the adequacy and effectiveness of the arrangements for corporate governance, risk management and internal controls. The internal auditor report noted that systems are working effectively except for some areas where weaknesses or opportunities to improve have been identified. Where weaknesses or gaps have been identified, these have either been addressed or are in the process of being addressed which should provide a more robust internal control environment going forwards. In the prior year the internal auditor rating was 'reasonable', however during 2014/15 they have moved to a new four category opinion

system as part of standardising methodology across the Government Internal Audit Agency.

I am therefore confident that the Authority has in place a robust system of accountability, which I can rely on as Accounting Officer, and which complies with the corporate governance code. The system allows me to provide the assurance that the Authority will spend its money in line with the principles set out in Managing Public Money.

Having reviewed the evidence provided to me by the management assurance exercises, the risk registers, the summary annual 2014-15 report presented by the internal auditors and the external audits of the fund, I am satisfied that the Authority has maintained a sound system of internal control during the financial year 2014-15

A.C. Figgures CB CBE

Accounting Officer

Date 25 June 2015

Remuneration report

The Appointment of the Members of the Authority

The constitution of the Authority is set by the Railways and Transport Safety Act, which determines that the Authority must include:

- At least four persons who have knowledge of and experience in relation to the interests of persons travelling by railway;
- At least four persons who have knowledge of and experience in relation to the interests of persons providing railway services;
- At least one person who has knowledge of experience in relation to the interests of employees of persons providing railway services.

Members of the Authority are appointed by the Secretary of State for Transport, with the intention that the Authority is representative of the community it serves and is informed of the views and interests of these groups.

Accordingly the current composition of the Authority is as follows:

- Chairman – Urmila Banerjee CBE;
- Deputy Chair – Brian Phillpott;
- Five members with knowledge and experience in relation to the interests of persons providing railway services;
- One member who has knowledge of and experience in relation to the interests of employees;
- Five members who have knowledge of and experience in relation to the interests of persons travelling by railway including those listed below:
 - One member who has knowledge of and experience in relation to the interests of persons and passengers in Wales and who is appointed following consultation with the National Assembly for Wales;
 - One member who has knowledge of and experience in relation to the interests of persons and passengers in Scotland and who is appointed following consultation with the Scottish Minister and;
 - Two members who have knowledge of and experience in relation to the interests of persons and passenger in England.

The Members of the Authority

The following table provides details of all Members who served during the 2014-15 financial year:

Members (<i>date appointed, retired or resigned</i>)	Commencement of contract (<i>date last renewed</i>)	Term expiry date	Notice period required	Main role
Urmila Banerjee	01/12/2008 (01-12-2012)	30/11/2015	3 months	Chairman
Brian Phillpott	01/04/2012	31/03/2016	3 months	Deputy Chairman
Lew Adams (retired 30 June 2014)	01/07/2004 (01-07-2010)	30/06/2014	3 months	Employee Matters
Dominic Booth	01/09/2013	31/08/2017	3 months	Knowledge of Industry
Patrick Butcher (retired 01 November 2014)	01/09/2011	31/08/2015	3 months	Knowledge of Industry
Elizabeth France	01/07/2010 (01-07-2014)	30/06/2018	3 months	Passenger Interests
Len Jackson	01/05/2012	30/04/2016	3 months	Passenger Interests
Bill Matthews	01/11/2012	31/10/2016	3 months	Passenger Interests and Scotland
Mark Phillips	01/09/2013	31/08/2017	3 months	Knowledge of Industry
Andrew Pollins	01/09/2013	31/08/2017	3 months	Knowledge of Industry
Stella Thomas	01/09/2013	31/08/2017	3 months	Passenger Interests and Wales
Anton Valk	01/09/2011	31/08/2015	3 months	Knowledge of Industry
Catherine Crawford	01/09/2013	31/08/2017	3 months	Passenger Interests

The following table provides details of all Members who served during the 2014-15 financial year:

Members do not receive termination payments when they leave the Authority.

The Members of the Authority and their roles and interests are detailed in the Structure of the Authority on pages 20 to 25.

The responsibility and purpose of the Authority is detailed in the Governance Statement from pages 31 to 43.

The Authority Officers

The following table provides details of the Authority Officers who served during the 2014-15 financial year:

Authority Officers	Commencement of contract	Term expiry date	Notice period required	Main role
Andrew Figgures	29-03-2010	Permanent Appointment	6 months	Chief Executive
Benjamin Wright	19/02/2014	24/09/2014 Contingent Labour	1 month	Interim Authority Finance Director
Charlotte Vitty	01/09/2014	Permanent Appointment	3 Months	Authority Finance Director

The BTP Strategic Command Team

The following table provides details of the BTP Strategic Command Team who served during the 2014-15 financial year:

BTP Strategic Command Team	Commencement of Contract	Term expiry date as at 31 March 2015	Notice period required	Main role
Andrew Trotter	01/09/2009	31/08/2014	6 months	Chief Constable
Paul Crowther	01/05/2014	Permanent appointment	6 months	Chief Constable
	15/09/2009	30/04/2014		Deputy Chief Constable
Adrian Hanstock	14/10/2014	Permanent appointment	3 months	Deputy Chief Constable
Alan Pacey <i>(retired 27 June 2014)</i>	09/01/2006	27/06/2014	3 months	Assistant Chief Constable (Force Restructure)
Mark Newton	07/05/2012	31/03/2014	3 months	Temporary Director of Corporate Resources
	01/04/2014	Permanent appointment		Assistant Chief Constable (Force Restructure)
Stephen Thomas	01/07/2007	Permanent appointment	3 months	Assistant Chief Constable (Territorial Policing and Crime)
David McCall	08/03/2004	Permanent appointment	3 months	Assistant Chief Constable (Scotland)
Simon Downey	22/04/2014	Permanent appointment	3 months	Director of Capability and Resources

Remuneration of Members, Authority Officers and the Strategic Command Team

The remuneration policy for Authority Members is determined by the Department for Transport.

The remuneration policy for Senior Officers of the Authority and the BTP Strategic Control Team is determined by the Appointments and Remuneration Committee.

The policy on remuneration is determined by both general factors and factors that are specific to the transport, policing or security industries.

The general factors taken into consideration are:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities.
- the regional or local variations in labour markets and their effects on the recruitment and retention of staff.

The specific factors relate to policies and guidelines from the Police Negotiating Board which influence the remuneration arrangements for both Chief Officers and other 'non federated' ranks such as Superintendents.

For police support staff, collective bargaining with recognised employee associations determines annual settlements.

The Members of the Authority receive non-pensionable allowances. Members are also entitled to claim expenses for travel, accommodation and subsistence when on Authority business.

The Members' salary and allowances are set by the Secretary of State following consultation with the Authority.

The following table provides the remuneration of the Members:

	2014-15			2013-14		
	Salary	Benefits in kind (to nearest £100)	Total	Salary	Benefits in kind (to nearest £100)	Total
Members	£000	£	£000	£	£	£000
Urmila Banerjee	30-35	–	30-35	30-35	–	30-35
Brian Philippott	25-30	–	25-30	25-30	–	25-30
Lew Adams	# 0-5	–	0-5	15-20	–	15-20
Dominic Booth	15-20	–	15-20	05-10	–	05-10
Patrick Butcher	* –	–	-	* –	–	–
Catherine Crawford	15-20	–	15-20	05-10	–	05-10
Elizabeth France	15-20	–	15-20	15-20	–	15-20
Len Jackson	15-20	–	15-20	15-20	–	15-20
Bill Matthews	15-20	–	15-20	15-20	–	15-20
Andrew Pollins	15-20	–	15-20	05-10	–	05-10
Mark Phillips	15-20	–	15-20	05-10	–	05-10
Stella Thomas	15-20	–	15-20	05-10	–	05-10
Anton Valk	15-20	–	15-20	15-20	–	15-20
* No salary taken						
# Full year equivalent £15k-20k						

The following table provides the remuneration of the Authority Officers and Strategic Command Team:

	2014-15				2013-14			
	Salary	Benefits in kind (to nearest £100)	Pension benefits (£'000)	Total	Salary	Benefits in kind (to nearest £100)	Pension benefits (£'000)	Total
	£'000	£	£	£'000	£'000	£	£	£'000
Authority Officers								
Andrew Figgures	100-105	20,300	31,000	150-155	95-100	19,800	28,000	145-150
Charlotte Vitty	95-100	5,400	39,000	90-95	n/a	n/a	n/a	n/a
Benjamin Wright*	–	–	–	–	–	–	–	–
Strategic Command Team								
Andrew Trotter	85-90	6,800	39,000	135-140	165-170	35,100	79,000	280-285
Paul Crowther	190-195	10,800	–	205-210	160-165	8,400	–	165-170
Adrian Hanstock	55-60	8,400	16,000	80-85	n/a	n/a	n/a	n/a
David McCall	140-145	4,700	–	145-150	125-130	4,000	–	130-135
Mark Newton	100-105	–	97,000	205-210	95-100	11,800	24,000	130-135
Alan Pacey	65-70	4,900	–	70-75	120-125	4,200	–	125-130
Stephen Thomas	110-115	6,600	–	115-120	110-115	4,900	–	115-120
Simon Downey	90-95	6,800	23,000	120-125	n/a	n/a	n/a	n/a
* Benjamin Wright's services were obtained through Stanley Road Consulting Ltd. The cost for 2014-15 was (£52,800) (including VAT of £8,800, 2013-14 £18,800 (including VAT of £3,135).								

Salary

Salary includes reference salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, and any other allowance to the extent that it is subject to UK taxation. Expenses are not included as they are reimbursed on production of a valid receipt. Under the Authority's salary sacrifice scheme employee pension contributions are paid by the employer and the employee's salary is reduced by the pension payment.

Bonus payments

The Authority's Appointments and Remuneration Committee took the decision to abolish the Senior Officer bonus scheme from 1 April 2013. This is in accordance with recommendation 89 from the March 2012 Independent Review of Police Officer and Staff Remuneration and Conditions, conducted by Tom Winsor.

There were no bonus payments in 2014-15 for the Authority.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the HM Revenue and Customs as a taxable emolument. The benefits in kind received include healthcare, use of vehicle and other travel benefits. Pension's contributions made by the employer are treated as a benefit in kind.

The amount paid by the employer under the pension salary sacrifice scheme is shown as a benefit in kind.

Performance pay

In accordance with the guidelines of the Police Negotiating Board, a performance management regime has been implemented, where objectives for the Strategic Command Team are agreed by the Authority. The performance development reviews are initiated at the year-end by the Chief Constable for the Strategic Command Team and the Chief Executive for the Authority's Executive. These are assessed by the Police Authority's Appointments and Remuneration Committee. The only opportunity for performance related pay progression is for assistant chief constables (and civilian equivalents), who progress through a salary scale when their performance is assessed as satisfactory or exceptional. The Chief and Deputy Chief Constables receive a salary on a set rate.

Median pay

	2013-14	2014-15
	£000	£000
Band of highest paid senior officer (including bonus and benefits in kind)	£200k-£205k	£205k-£210k
Median total remuneration	£35,253	£36,396
Ratio	5.8	5.8

The Authority is required to disclose the relationship between the remuneration of the highest paid Senior Officer and the median remuneration of the Authority's workforce.

The banded remuneration of the highest paid Senior Officer in the Authority in the 2014-15 financial year was £205k-£210k (2013-14: £200k-£205k). This is the Chief Constable who is not the Accounting Officer for the Authority, but is an Additional Accounting Officer for Authority. This was 5.8 times (2013-14: 5.8 times) the median remuneration of the workforce, which was £36,396 (2013-14: £35,253).

In 2014-15 no employees (2013-14: no employees) received remuneration in excess of the highest paid Senior Officer. The remuneration of employees ranged from £16,651.61 to £192,736.20 (2013-14: £15,336 to £192,736).

Total remuneration includes salary, non-consolidated performance related pay, benefits in kind and severance payments. It does not include benefits in kind relating to safeguarded travel as this only affects a small proportion of total employees and

does not affect the median. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The median has remained the same in 2014-15 as it was in 2013-14. Though the number of employees increased by 45 in the period from 1 April 2014 to 31 March 2015, employees on higher grades have left BTP and have been replaced by employees on lower equivalent pay grades. The pay award for officers and staff was 1%.

Pension benefits

Railways pension scheme – Authority and BTP support staff

Pension benefits are provided for Authority staff through the Railways Pension Scheme British Transport Police Section. This is a registered pension scheme and intended to be a fully funded scheme which provides benefits on a “final salary” at a normal retirement age of 60. Benefits accrue at the rate of 1/60th of final average pay (less 1/40th of the final average basic state pension) for each year of pensionable service. In addition, a lump sum equivalent to 1/40th of pensionable pay for each year of service is payable on retirement. Members currently pay contributions of 10.06 per cent of pensionable earnings (less 1.5 times the basic state pension). Pensions in payment and deferment are increased in line with Orders made under the Pensions (Increase) Act 1971.

On death, pensions are payable to the surviving spouse at the rate of half the member’s pension. On death in service the scheme pays a lump sum death benefit of four times pensionable pay and also provides a service enhancement on computing the spouse’s pension, which depends on length of service.

Medical retirement is possible in the event of serious ill-health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow or widower pensions.

British Transport Police Force Superannuation Fund – Police Officers

Pension benefits are provided for Police Officers through the British Transport Police Force Superannuation Fund. This is a registered pension scheme and intended to be a fully funded scheme which provides benefits on a “final salary” basis. There are two benefit structures in place for members who joined the Fund before and after 1 April 2007.

For Fund members who joined before 1 April 2007 the normal retirement age is 55. Benefits accrue at the rate of 1/45th of final average salary (less 1/30th of final average state flat rate pension) for each year of beneficial membership. In addition, a lump sum equivalent to 1/30th of pensionable salary for each year of beneficial membership is payable on retirement. Members currently pay contributions of 16 per cent of pensionable earnings (less 1.5 times the basic State Pension). Pensions in payment and deferment are increased in line with orders made under the Pensions (Increase) Act 1971.

For Fund members who joined on or after 1 April 2007 the normal retirement age for retirement from service is 55 and for retirement from deferment it is 65. Benefits accrue at the rate of 1/70th of final average salary for each year of service. In addition, a lump sum equivalent to 4/70th of pensionable salary for each year of service is payable on retirement. Members currently pay contributions of 10 per cent of pensionable earnings. Pensions in payment and deferment are increased in line with orders made under the Pensions (Increase) Act 1971.

On death, pensions are payable to the surviving spouse or eligible dependant at the rate of half the member's pension and pensions are available for the member's two youngest children. Survivors' pensions may not be payable in respect of members who joined after 1 April 2007 if they have less than two years' service. On death in service the scheme pays a lump sum death benefit of four times pensionable salary and also provides a service enhancement on computing the spouse's pension, which depends on length of service.

Medical retirement is possible in the event of incapacity. In this case, pensions are brought into payment immediately without actuarial reduction. If the member is unable to work in any capacity (not only as a police officer) they may be granted an enhanced pension at the Trustee's discretion.

Cash Equivalent Transfer Value

A Cash Equivalent Transfer Value ("CETV") is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

CETV's are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to another pension scheme.

The increase in CETV effectively funded by the employer is shown. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) utilising commonly used standard market valuation factors for the start and end of the year.

Pension benefits

Officials	Accrued values at pension age as at 31/03/15		Real increase values at pension age		CETV at 31/03/15	CETV at 31/03/14	Real increase in CETV
	Pension	Lump sum	Pension	Lump sum			
	£000	£000	£000	£000	£000	£000	£000
Authority officers							
Andrew Figgures	5-10	5-10	0-2.5	0-2.5	202	123	79
Charlotte Vitty	0-5	0-5	0-2.5	0-2.5	5	n/a	5
Strategic Command Team							
Andrew Trotter	30-35	20-25	0-2.5	0-2.5	n/a- Retired 31/08/14	592	n/a
Adrian Hanstock	0-5	0-5	0-2.5	0-2.5	14	n/a	14
Mark Newton	55-60	70-75	5-7.5	2.5-5	958	781	177
Simon Downey	0-5	0-5	0-2.5	0-2.5	17	n/a	17
Paul Crowther	Opted out of scheme 04-04-2012						
Alan Pacey	Retired from scheme 14-07-2012						
David McCall	Retired from scheme 01-09-2012						
Stephen Thomas	Retired from scheme 02-07-2012						

A.C. Figgures CB CBE

Accounting Officer

Date 25 June 2015

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of British Transport Police Fund for the year ended 31 March 2015 under the Railways and Transport Safety Act. The financial statements comprise: the Statements of Comprehensive Income, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board, Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Railways and Transport Safety Act. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the British Transport Police Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by British Transport Police Fund; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate and report.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of British Transport Police Fund's affairs as at 31 March 2015 and of the net deficit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Railways and Transport Safety Act and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Railways and Transport Safety Act; and
- the information given in the Strategic Report, Finance Director's Report, Sustainability Report and Chief Executive's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Date **25 June 2015**

Statement of comprehensive income

for the year ending 31 March 2015

	Note	2014-15 £000	2013-14 £000
Income			
Police Service Agreement income	3	206,899	202,362
Other income	3	79,936	78,362
		<u>286,835</u>	<u>280,724</u>
Expenditure			
Staff costs	4	(236,341)	(245,254)
Depreciation and amortisation	5	(11,815)	(11,659)
Other expenditure	5	(48,131)	(47,734)
		<u>(296,287)</u>	<u>(304,647)</u>
Operating deficit		(9,452)	(23,923)
Net interest receivable		49	142
Net interest payable for pension schemes	22	(15,350)	(19,890)
Net deficit for the financial year		<u>(24,753)</u>	<u>(43,671)</u>
Other comprehensive income			
Items that will not be reclassified to net operating costs:			
Net gain/(loss) on revaluation of property, plant and equipment			(14)
Actuarial gains/(losses) on defined benefit pension schemes	23	(244,830)	161,780
		<u>(244,830)</u>	<u>161,766</u>
Total comprehensive surplus/(deficit) for the year ended 31 March 2015		<u>(269,583)</u>	<u>118,095</u>

The deficit for the financial year is transferred to the income and expenditure reserve. Movements in the income and expenditure reserve are set out in Note 21.

Further details explaining the movement from the operational surplus to the operating deficit (above) can be found in the management commentary.

All operations are classed as continuing; there were no material acquisitions or disposals during the year.

Accounting policies and notes forming part of these accounts are on pages 62 to 104.

Statement of financial position

as at 31 March 2015

	Note	2015 £000	2014 £000	£000
Non-current assets				
Property, plant and equipment	6	54,466	52,187	
Intangible assets	7	5,787	4,370	
Other receivables	10	0	89	
Total non-current assets:				60,253
Current assets				
Inventories	9	1,736	1,209	
Trade and other receivables	10	18,495	14,770	
Cash and cash equivalents	11	28,441	37,259	
Total current assets				48,672
Total assets				108,925
Current liabilities				
Trade and other payables	12	(29,893)	(33,143)	
Provisions for liabilities and charges	13	(1,299)	(1,120)	
Total current liabilities				(31,192)
Non-current assets plus net current assets				77,733
Non-current liabilities				
Pension liabilities	22	(630,250)	(356,470)	
Other payables	12	(817)	(923)	
Finance lease liability		0		
Total non-current liabilities				(631,067)
Assets less liabilities				(553,334)
Taxpayers' equity				
Income and expenditure reserve	21	74,727	69,696	
Revaluation reserve		2,189	5,003	
Pension reserve	22	(630,250)	(356,470)	
				(553,334)
				(553,334)
				(281,772)

The financial statements on pages 58 to 104 were approved by the Authority on 11/06/15 and were signed on its behalf by:

Signed A.C. Figgures

Accounting Officer

Date 25 June 2015

Accounting policies and notes forming part of these accounts are on pages 62 to 104.

Statement of cashflows

for the year ending 31 March 2015

		2014-15		2013-14	
	Note	£000	£000	£000	£000
Cash flows from operating activities					
Net deficit for the financial year		(24,753)		(43,671)	
(Profit)/Loss on disposal of non-current assets	5	9		681	
(Increase)/Decrease in trade and other receivables	10	(3,636)		5,842	
Increase/(Decrease) in inventories	9	(527)		(423)	
Increase/(Decrease) in trade payables	12	(3,356)		605	
Use of provisions	13	(179)		(146)	
Depreciation charges	6	9,825		9,530	
Amortisation charges	7	2,004		2,129	
MHCA revaluation adjustment	6	(14)		560	
Pension charges	22	13,600		24,180	
Net interest payable for pension schemes	22	15,350		19,890	
Net cash flow from operating activities			8,323		19,177
Cash flows from investing activities					
Purchase of property, plant and equipment	6	(13,979)		(12,968)	
Increase/(decrease) in property, plant and equipment accruals – non cash additions	6			1,841	
Purchase of intangible non-current assets	7	(3,419)		(795)	
Decrease in intangible asset accruals – non cash additions	7	0		(8)	
Proceeds of disposal of property, plant and equipment		208		393	
Interest paid/Received		49		0	
Net cash flow from investing activities			(17,141)		(11,537)
Cash flows from financing activities					
Amounts repayable to the DfT		0		(31)	
Net financing			0		(31)
Net increase/ (Decrease) in cash and cash equivalents in the period			(8,818)		7,609
Cash and cash equivalents at the beginning of the period			37,259		29,650
Cash and cash equivalents at the end of the period			28,441		37,259
	11		8,818		(7,609)

Accounting policies and notes forming part of these accounts are on pages 62 to 104.

Statement of changes in taxpayers' equity

for the year ending 31 March 2015

	Note	Income and expenditure reserve £000	Revaluation reserve £000	Pension reserve £000	Total reserve £000
Balance at 31 March 2013		68,839	5,505	(474,180)	(399,836)
Changes in accounting policy		0	0	0	0
Judicial Review Adjustment		0	0	0	0
Adjustment to Prior Year					0
Restated balance at 01 April 2013		68,839	5,505	(474,180)	(399,836)
Changes in taxpayers' equity 2013-14					
Net gain/(loss) on revaluation of property, plant and equipment and motor vehicles		0	(14)	0	(14)
Pension movement		0	0	161,780	161,780
Cash Received from Debtors and Creditors previously written off		0	0	0	0
Transfer between reserves		44,558	(488)	(44,070)	0
Comprehensive income for the year		(43,671)	0	0	(43,671)
Total recognised income and expense for 2013-14		887	(502)	117,710	118,095
Grants from sponsoring entity					
Amounts repaid to the DfT		(31)	0	0	(31)
Total grants received/(repaid)		(31)	0	0	(31)
Balance at 31 March 2014		69,695	5,003	(356,470)	(281,772)
Restated balance at 01 April 2014		69,695	5,003	(356,470)	(281,772)
Changes in taxpayers' equity 2014-15					
Net gain/(loss) on revaluation of property, plant and equipment and motor vehicles		0	(1,836)	0	(1,836)
Pension movement		0	0	(244,830)	(244,830)
Cash Received from Debtors and Creditors previously written off		0	0	0	0
Transfer between reserves		29,928	(978)	(28,950)	(0)
Comprehensive income for the year		(24,753)	0	0	(24,753)
Changes in Reserves not in SoCI		(143)	0	0	(143)
Total recognised income and expense for 2014-15		5,032	(2,814)	(273,780)	(271,562)
Grants from sponsoring entity					
Total grants (received)/repaid		0	0	0	0
Balance at 31 March 2015		74,727	2,189	(630,250)	(553,334)

Accounting policies and notes forming part of these accounts are on pages 62 to 104.

Notes to the accounts

1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2014-15 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the British Transport Police Authority (the Authority) for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Authority for 2014-15 are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and follow the requirements of the 2014-15 Government Financial Reporting Manual.

The opening financial position as at 1 April 2014 shows net pension liabilities of £356.5m. This is owing to full implementation of IAS 19 Employee Benefits, requiring the costs and benefits of pension schemes relevant to the Authority to be reflected in the statement of accounts. The net liability of the scheme on 31 March 2015 was £630.3m, an increase of £273.8m in the year. The reason for this change is the lower discount rate assumption which has increased the benefit obligation. This has only been partially offset by asset returns in excess of those assumed at the beginning of the year.

The Authority is confident that sufficient resources are available (from Police Service Agreements and from service income) to meet its approved expenditure needs because of the agreement with the DfT. Accordingly it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

1.2 Recent accounting developments

Standards

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2015, and have not been applied in preparing these financial statements. The following are those standards, amendments and interpretations that may need to be adopted in subsequent periods:

IFRS 9 Financial Instruments, which will replace parts of IAS 39, deals with the classification and measurement of financial assets and financial liabilities, hedge accounting and (following the July 2014 amendment), the impairment of financial assets. IFRS 9 is intended to improve and simplify the treatment of financial instruments in financial statements. According to the International Accounting Standards Board (IASB), application of this standard is required for reporting periods beginning on or after 1 January 2018, though earlier application is permitted. However, it is yet to receive EU endorsement so it is not possible to predict the

actual application date. The impact of initial application of IFRS 9 is not expected to be significant. This is because, while the classification of financial assets and liabilities will change, it seems that existing measurement approaches will continue to be appropriate. It is also considered that there will be no significant change to the recognition of impairment on the Department's financial assets, because the expected credit losses on those assets are currently thought to be immaterial.

IFRS 13 should be adopted by 1 April 2015. It provides guidance on establishing fair values of assets and liabilities and sets out disclosure requirements, where other standards require the fair value to be used or disclosed. It defines fair value as an exit value, reflecting the assets' highest and best use rather than its actual use. This approach is problematic for many central government assets, which may be of a specialised nature (meaning that exit values are difficult to identify) and which may need to be retained for the provision of services (meaning that the assets may need to be retained in their current use). HM Treasury have issued an Exposure Draft proposing modifications to the FReM, to adapt IASs 16 and 38. These adaptations would require assets held for the provision of services should be valued on an existing use basis, using methods including depreciated replacement cost. Other assets and liabilities, such as surplus properties, would be valued in accordance with IFRS 13 where applicable. The consolidated accounts include assets, such as the strategic road network, that are currently valued using depreciated replacement cost. It seems likely that the Exposure Draft would permit this approach to continue. It therefore seems likely that the implementation of IFRS 13 as adapted by the FReM will not have a material impact on the assets and liabilities recognised in these accounts.

IFRS 15 Revenue from Contracts with Customers is expected to come into effect from 1 January 2017, though it has not yet received EU endorsement. It requires the recognition of revenue as the performance obligations under the contracts are satisfied. Its implementation is expected to have no material impact on the BTPA.

The IASB has recently issued an exposure draft of a replacement to the existing leasing standard, which is expected to eliminate off-balance sheet leasing arrangements, and require recognition of a single right-of-use asset, measured at the present value of lease payments, with a matching liability. The pattern for recognition of the expenditure will depend on the type of leases: for most leases of property, the lessee will recognise expenditure on a straight-line basis; for most leases of other types of asset, the lessee's expenditure will reduce over the term of the lease. As the Department and its consolidated bodies currently occupy administrative properties under operating leases, this is likely to have an effect on the statement of financial position, but a more limited effect on the recognition of expenditure.

Other changes due to come into effect after 2014–15 are considered to have no impact on the Authority.

1.3 Property, plant and equipment

Property, plant and equipment includes improvements and capital works to leasehold buildings, plant and machinery, IT equipment, fixtures and fittings, and motor vehicles required for the ongoing operations of the Force. All expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised, subject to a minimum monetary limit of £1,000, on an accruals basis in accordance with IAS 16 Property, plant and equipment. These non-current assets are recognised initially at cost, which comprises purchase price (including non-recoverable VAT) and any costs of bringing assets to the location and condition necessary

for them to be capable of operating in the manner intended and are restated to current value each year using the relevant modified historic costing indices from the Office for National Statistics(MM22) for the category of asset.

Internal staff costs that can be attributed directly to the construction of an asset, including capital renewal schemes, are capitalised. This includes staff on the Authority's payroll who have been bought in with the specific intention of working on capital projects.

The Authority operates a grouping policy on the purchase of property, plant and equipment. This means that when several items of a capital nature are purchased together and the combined cost is greater than £1,000, they are capitalised even if the individual items have a cost of less than £1,000.

Expenditure falling below these values is charged as an expense in the statement of comprehensive income.

1.4 Assets under construction

Assets under construction includes motor vehicles and capital projects under construction. These assets have been purchased but require essential modification before they are safe and fit for purpose. The vehicle cost includes both the original cost plus the cost of modification. Buildings under construction includes refurbishment costs for buildings held on operating leases that the Authority has yet to occupy.

1.5 Depreciation

Depreciation is provided on a straight-line basis over periods representing the estimated useful lives of assets. Depreciation begins at the date the asset is deemed to be 'in use'.

These useful economic lives are subject to review as appropriate. The lives used for the major categories of assets are:

- **Leasehold improvements – Number of years remaining on the lease at time of purchase;**
- Plant and machinery – between 3 and 20 years;
- Fixtures and fittings – 5 years;
- Information technology – 5 years;
- Road vehicles – between 3 and 10 years.

No depreciation is provided on assets under construction.

1.6 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are capitalised if it is probable that the expected future benefits attributable to them will flow to the Authority and if their cost can be measured reliably. Computer software and licences, the Wide Area Network project and expenditure on website development are capitalised as intangible fixed assets where expenditure of £1,000 or more is incurred.

The Authority operates a grouping policy on the purchase of Intangible Assets. This means that when several items of a capital nature are purchased together and the combined cost is greater than £1,000, they are capitalised even if the individual items have a cost of less than £1,000.

Internally developed intangible assets, such as application software or databases, expenditure on development in connection with a product or service, which is to be supplied on a full cost recovery basis, and other development expenditure is capitalised if it meets the criteria specified in IAS 38 Intangible Assets. These criteria include that there is an identifiable asset that will produce future benefits and if the cost can be determined reliably.

Intangible assets are initially measured at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible assets held by the Authority meets this criterion, and they are therefore carried at amortised cost. Intangible assets are amortised over their useful lives, on a straight-line basis, over the shorter of the term of the licence or the life of the software package, which is usually between three and five years.

1.7 Disposals

Depreciation is charged up to the date on which the asset is disposed. Any surplus or deficit is taken to the statement of comprehensive income.

Any gains or losses on the eventual disposal of property, plant and equipment are recognised in the statement of comprehensive income when the asset is derecognised. Gains are not classed as revenue.

1.8 Impairment of assets

For the purpose of impairment testing property, plant and equipment and finite lived intangible assets should be looked at on an individual basis. Where this is not possible assets should be grouped at the lowest levels for which there are separately identifiable cash flows, known as cash-generating units.

At the end of each reporting period, the Authority reviews the carrying amounts of its property, plant and equipment and finite lived intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Authority estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income.

Where an impairment loss subsequently reverses the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

1.9 Income

All income is accounted for by applying the accruals convention, and is recognised in the period in which the services are provided as described in Note 3.

Core PSA and Enhanced PSA income is statutory and therefore exempt from value added tax.

1.10 Leases

A lease is an agreement whereby the lessor conveys the right to use an asset for an agreed period in return for payments. At their inception, leases are classified as operating or finance leases. If a lease conveys substantially all the risks and rewards of ownership to the lessee (such as transfer of title, the lease term covering the major part of the asset's life, or the lease payments are substantially all of the fair value of the leased asset), it is classified as a finance lease. Otherwise, it is classified as an operating lease. Where a lease covers the right to use both land and buildings, the risks and rewards of the land and the buildings are considered separately. Land is assumed to be held under an operating lease unless the title transfers to the Authority at the end of the lease. The assessment is made at the inception of the lease, except in the case of leases pre-existing the transition to IFRS, when the assessment is made as at that date.

Arrangements whose fulfilment is dependent on the use of a specific asset or which convey a right to use an asset, are assessed at their inception to determine if they contain a lease. If an arrangement is found to contain a lease, that lease is then classified as an operating or finance lease. Transactions involving the legal form of a lease, such as sale and leaseback arrangements, are accounted for according to their economic substance.

The Authority has a number of operating leases in respect of property. Rentals under operating leases are charged to the statement of comprehensive income in the period in which they are incurred. Where the arrangement includes incentives, such as rent-free periods, the value is recognised on a straight-line basis over the term of the lease. The Authority currently holds no finance leases.

1.11 Grants

Subject to the conditions of IAS 20 Accounting for Government Grants capital funding from other Government and non-government sources is recognised either in full in the statement of comprehensive income in the period in which it is received or classified as deferred income within the statement of financial position and then released on a systematic basis, over the periods in which the entity recognises as expenditure the related costs for which the grants are intended to compensate.

1.12 Provisions

The Authority makes provision for liabilities and charges in accordance with IAS 37 where, at the end of the current reporting period, a legal or constructive liability (i.e. a present obligation from past events) exists, the transfer of economic benefits is probable, and a reasonable estimate can be made.

Provisions are charged to the statement of comprehensive income and are released when the transfer of economic benefit to settle the obligation has been made. The key provisions included in these accounts are for claims against the Authority and dilapidations.

1.13 Contingent liabilities

In accordance with IAS 37 Provisions, contingent liabilities and contingent assets, the Authority discloses as contingent liabilities potential future obligations arising from past obligating events, where the existence of such obligations remains uncertain pending the outcome of future events outside of the Authority's control, unless their likelihood is considered to be remote.

1.14 VAT

Most of the activities of the Authority are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Input VAT on non-statutory services is recoverable. Irrecoverable VAT is charged to the relevant expenditure category or, if appropriate capitalised with additions to non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.15 Interest payable/receivable

Interest payable is accrued so that the period bears the full cost of interest relating to actual borrowings during that period.

Interest receivable is accounted for in the period in which it is due.

1.16 Inventories

Inventories are made up of uniforms and other inventory items. The inventory items are stated at the lower of cost or net realisable value.

1.17 Research and development

Expenditure on research is not capitalised. Expenditure on development is capitalised and written off over the useful life of the asset if it meets the criteria specified in the FReM. Expenditure that does not meet the criteria for capitalisation is treated as an expense and shown in the statement of comprehensive income in the year in which it is incurred.

Non-current assets acquired for use in research and development are depreciated over the life of the associated project.

1.18 Insurance

The Authority insures its activities by purchasing policies for motor vehicles and travel, professional indemnity, Directors' and Officers' liability, fidelity guarantee and natural damages and business interruption. The cost of repairs and claims for damages, are charged to the statement of comprehensive income as they occur. In the event of a material loss occurring the Authority will consult with the Secretary of State about the action to be taken.

1.19 Financial instruments

The Authority has adopted IFRS 7 Financial Instruments: Disclosure, which requires disclosures in the financial statements to enable users to evaluate:

- a) The significance of financial instruments for the Authority's financial position and performance; and
- b) The nature and extent of risks arising from financial instruments to which the Authority is exposed during the year and at 31 March 2015 and how the Authority manages these risks.

1.20 Provision for bad and doubtful debts

All bad and doubtful debts are reviewed on a case by case basis to assess the likelihood of recovery actions being successful. Where appropriate, taking into account the nature of the debt, the payment record of the debtor, whether they have been or are in dispute with the Authority and any other appropriate information, a provision is made.

1.21 Cash and cash equivalents

For the purposes of the statement of cashflows, cash includes cash in hand and deposits on call at financial institutions. The Authority does not currently hold any items that meet the definition of cash equivalents such as short term highly liquid investments.

1.22 Pensions

In compliance with HM Treasury guidelines these accounts comply with IAS 19 Employee Benefits which requires a liability to be recognised for retirement benefits as they are earned, and not when they are due to be paid.

Before 1 July 2004 all past and present employees were covered either by the British Transport Police Force Superannuation Fund (BTPFSF) for police officers, which was established by deed; or the Railway Pension Scheme (RPS), a scheme set up by the Railway Pension Scheme Order (1994) for other staff.

After 1 July 2004 the employer for both sections became the British Transport Police Authority and Railway Pension Scheme members (current and past) were transferred from the British Rail section to the British Transport Police section of the Railways Pension Scheme.

On 1 April 2007 the BTPFSF established a new category where all new joiners were enrolled. The existing category was closed to all new members at this time.

All schemes are defined benefit schemes meaning that retirement benefits are determined independently of the investments of the scheme. Under the rules of the scheme contributions are made up in either the ratio of 1.5:1 between employer and member respectively for the old BTPFSF scheme, 2:1 for the new BTPFSF scheme, or in the ratio of 1.5:1 between employer and member respectively in regard to the RPS (previously 1.57:1 until 30 June 2009).

These defined benefit schemes are accounted for in accordance with IAS19. Current service costs and a single interest cost on the schemes' net liabilities are recognised in the statement of comprehensive income, and remeasurements are recognised in equity, as required by the Financial Reporting Manual (FRM).

In accordance with IAS19, the Scheme Managers/trustees are required to undertake a sensitivity analysis for each significant actuarial assumption as of the end of the reporting period, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at that date. This analysis, including details of the methods and assumptions used in preparing the sensitivity analyses, the limitations of these methods, and the reasons for any changes in methods and assumptions was used in preparing the sensitivity analyses.

To help people save more for their retirement the Government has introduced the requirement for employers to enrol their workers into a workplace pension scheme. This new legislation is called Automatic Enrolment. It is a legal requirement which began for BTP on the 1 May 2013. At BTP's discretion, most employees are automatically enrolled through their contract of employment into one of two occupational pension schemes. As a result most BTP employees will be unaffected.

Under the new law all current employees who are not members of the BTPFSF or RPS were enrolled into the RPS under an automatic enrolment entitlement. This took effect from 7 July 2013 and included those who have, in the past, opted out of the BTPFSF or the RPS, who have already drawn their pension or who have previously been barred from pension scheme membership, particularly of the BTPFSF.

On 7 July 2013 all Officers and Staff who are not already in a pension scheme with annual earnings above £9,440 and who are aged between 22 and State Pension Age were auto enrolled into the RPS pension scheme. All other employees can also request to join the pension scheme. All Officers or Staff who wished to join the scheme prior to 7 July 2013 could do so by using the Opt In Notice Form from the 1 May 2013.

New and existing BTP employees will continue to have a contractual entitlement to membership of the scheme appropriate to their Police Officer or Police Staff status, subject to their eligibility and compliance with their Fund's rules. Eligible employees can apply to join at any time.

Further details of the Authority's pension schemes can be found in notes 22 and 23.

1.23 Estimation techniques

Estimation techniques are the methods adopted to arrive at estimated monetary amounts for income and expenditure during the reported period and the valuation of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. There may be several alternative estimation techniques, which could produce a range of results. The significant estimation techniques for the Authority include the valuation of property, plant and equipment using the modified historic costing indices from the Office for National Statistics(MM22) for each category of non-current asset, as well as the use of actuarial estimates regarding the longevity of current and deferred pensioners and long-term rates of inflation to determine the value of the liabilities for pension scheme to which IAS19 applies.

1.24 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Authority's accounting policies, which are described in Note 1, senior management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Authority occasionally faces legal claims and challenges, which may result in the possible outflow of economic benefits. Provisions have been put in place for claims against the Authority, based on management decisions and on evidence from the Authority's solicitors.

The Authority are required to undertake an annual test for impairment of finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets. Where items of plant and equipment are installed within properties, their useful lives may be curtailed by the useful life of the property. In determining their useful lives, the Authority reflects its intention to remain in its leasehold properties until the end of the lease.

There are no other significant critical judgements made in applying the accounting policies.

1.25 Exceptional items

Exceptional items are those items that in the Authority's view are required to be separately disclosed by virtue of their size or incidence to enable a full understanding of the Authority's financial performance.

1.26 Revaluation reserve

The Revaluation reserve represents the cumulative restatements of property, plant and equipment using the relevant modified historic costing indices from the Office for National Statistics(MM22) for the category of asset.

1.27 Pension reserve

The Pension Reserve represents the Authority's cumulative liability as a result of the full implementation of IAS19 – Employee Benefits.

In valuing the liabilities of the pension schemes the Authority consults Punter Southall Limited, who act as the actuaries for the pension schemes. The actuaries provide annual valuations based on estimates of demographic factors, such as life expectancy. The actuaries also provide advice on assumptions underlying the investment assets, such as future rates of return. Note 23 contains sensitivity analysis, for each scheme, which indicates the approximate effects on the actuarial liability of changes to the main actuarial assumptions.

Further details of the Authority's pension schemes can be found in notes 22 & 23.

2 Segmental analysis

The Authority operates as one class of business, that of policing the railways throughout England, Wales and Scotland, and undertakes that class of business in one geographical segment, Great Britain.

3 Income

Under the Railways and Transport Safety Act 2003 the Authority has the power to charge Police Service Agreement (PSA) holders with the cost of providing policing services on the railway. The charge to individual PSA holders is calculated from the Authority's budgeted annual cost using a pre-determined charging mechanism consistent with the Railways and Transport Safety Act 2003. PSA holders consist of Network Rail, Train Operating Companies, Open Access Operators, Freight Companies, Transport for London (TfL) and other smaller licence holders.

PSA holders can request enhanced policing services in addition to that provided under the Police Service Agreement charging mechanism. These are charged at full cost.

Other income includes, amongst other things, grant funding from Government departments, the funding of capital projects from external bodies, and income received under the Home Office Asset Recovery Scheme.

	2014-15	2013-14
	£000	£000
Police Service Agreement income	206,899	202,362
<u>Other income</u>		
London Underground income	52,852	53,313
Enhanced Police Service Agreement income	17,967	17,035
Recoveries in respect of outward secondments	834	945
Other	8,283	7,069
	<u>79,936</u>	<u>78,362</u>
Total	<u>286,835</u>	<u>280,724</u>

4 Staff numbers and related costs

Total staff costs consist of:

	Permanently Employed Staff		Other	
	2014-15			2013-14
	Total	Total	Total	Total
	£000	£000	£000	£000
Salaries and Wages	179,356	177,558	1,798	177,769
Social Security Costs	13,678	13,678	0	13,672
Other Pension Costs	43,307	43,307	0	53,813
	<u>236,341</u>	<u>234,543</u>	<u>1,798</u>	<u>245,254</u>
Sub-total	236,341	234,543	1,798	245,254
Less recoveries in respect of outward secondments	(834)	(834)	0	(945)
	<u>235,507</u>	<u>233,709</u>	<u>1,798</u>	<u>244,309</u>
Total net costs	<u>235,507</u>	<u>233,709</u>	<u>1,798</u>	<u>244,309</u>

Between 01 April 2014 and 31 March 2015, contributions of £31.68m (£30.9m for the year ended 31 March 2014) were paid to the Railway Pension Scheme and the British Transport Police Force Superannuation Fund (BTPFSF) at rates determined by the scheme's Actuary. Employer's contributions are currently 15.09% (+ BRASS matching) for the Railways Pension Scheme, 24% for the BTPFSF and 20% for the BTPFSF (new).

In 2011-12 it was agreed that the Authority would make additional contributions towards the British Transport Police Force Superannuation Fund (these contributions are included within the £31.68m mentioned above (£30.9m on 2013-14)). The contributions for 2014-15 were £5.5m (£5.3m in 2013-14), of which £1.1m was funded by London Underground Limited (£1.1m in 2013-14). This is included within London Underground income.

Further details of the Authority's pension schemes can be found in notes 22 and 23.

Average number of persons employed

The average number of whole-time equivalent persons employed during the period was as follows.

				Period ending	
	Police Officers	Police Community Service Officers	Police Staff	2014-15	2013-14
	Total	Total			
Permanently Employed Staff	3,152	320	1,453	4,925	4,738
Other	0	0	44	44	20
Staff engaged on capital projects	0	0	11	11	3
	<u>3,152</u>	<u>320</u>	<u>1,508</u>	<u>4,980</u>	<u>4,761</u>

4.1 Reporting of Civil Service and other compensation schemes – exit packages

Exit package cost band	Number of Compulsory Redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
< £10,000	6	14	27	7	33	21
£10,000 – £25,000	10	12	31	5	41	17
£25,000 – £50,000	0	8	17	5	17	13
£50,000 – £100,000	1	1	0	1	1	2
£100,000 – £150,000	–	–	2	2	2	2
£150,000 – £200,000	–	–	–	–	–	–
Total number of exit packages	17	35	77	20	94	55
Total resource cost	<u>£235,629</u>	<u>£619,531</u>	<u>£1,429,959</u>	<u>£636,910</u>	<u>£1,665,588</u>	<u>£1,256,441</u>

There were 17 compulsory redundancies amounting to £235,629 in the period (35 in 2013-14 amounting £619,531). 2 officers and 75 staff left under the terms of a Voluntary Severance Scheme in 2014-15 (20 in 2013-14). Compensation payments totalling £1,429,959 were received in 2014-15 in relation to the Voluntary Severance Scheme (£636,910 in 2013-14).

Redundancy and other departure costs have been paid in accordance with the contractual obligations of the employee contracts.

5 Other expenditure

The deficit on ordinary activities before interest is stated after charging the following:

	Note	2014-15 £000	2013-14 £000
Other staff costs		4,883	6,398
Communications and computers		12,051	11,177
Other Expenditure		10,497	9,264
Rentals under operating leases		8,059	7,589
Premises (excluding rentals under operating leases)		8,039	7,692
Transport costs		4,431	4,382
<u>Non-cash items</u>			
Depreciation of property, plant and equipment	6	9,825	9,530
Amortisation of intangible assets	7	2,004	2,129
MHCA Revaluation		(14)	560
Loss on disposal of property, plant and equipment		(9)	681
Provision provided for in year	13	180	205
Bad debt write offs/(write backs)		0	(214)
Total		59,946	59,393

During the year the Authority did not purchase any non-audit services from its auditor, The National Audit Office included in "Other Expenditure" is a charge of £106,000 for auditors remuneration for audit work related to 2014-15.

6 Property, plant and equipment

	Leasehold improvements	Plant and machinery	Vehicles	Assets under construction – motor vehicles	Assets under construction – other	Fixtures & fittings	IT equipment	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost								
At 1 April 2014	45,021	17,035	12,598	1,684	1,843	3,434	21,639	103,254
Additions	2,487	3,920	3,405	47	1,321	164	2,640	13,984
Disposals	0	0	(1,411)	0	0	0	(42)	(1,453)
Impairments	0	0	0	0	0	0	0	0
Reclassifications	0	0	1,684	(1,684)	(1,843)	0	1,843	0
Revaluations	(280)	16	(127)	0	0	46	(144)	(489)
At 31 March 2015	<u>47,228</u>	<u>20,971</u>	<u>16,149</u>	<u>47</u>	<u>1,321</u>	<u>3,644</u>	<u>25,936</u>	<u>115,296</u>
Depreciation								
At 1 April 2014	15,107	10,917	7,267	0	0	2,631	15,146	51,068
Charged in year	3,678	2,306	2,073	0	0	97	1,672	9,826
Disposals	0	0	(1,347)	0	0	0	(42)	(1,389)
Impairments	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0
Revaluations	1,381	10	(8)	0	0	35	(93)	1,325
At 31 March 2015	<u>20,166</u>	<u>13,233</u>	<u>7,985</u>	<u>0</u>	<u>0</u>	<u>2,763</u>	<u>16,683</u>	<u>60,830</u>
Carrying amount at 31 March 2015	<u>27,062</u>	<u>7,738</u>	<u>8,164</u>	<u>47</u>	<u>1,321</u>	<u>881</u>	<u>9,253</u>	<u>54,466</u>
Carrying amount at 31 March 2014	<u>29,914</u>	<u>6,118</u>	<u>5,331</u>	<u>1,684</u>	<u>1,843</u>	<u>803</u>	<u>6,493</u>	<u>52,186</u>
Asset Financing:								
Owned	<u>27,062</u>	<u>7,738</u>	<u>8,164</u>	<u>47</u>	<u>1,321</u>	<u>881</u>	<u>9,253</u>	<u>54,466</u>
Carrying amount at 31 March 2015	<u>27,062</u>	<u>7,738</u>	<u>8,164</u>	<u>47</u>	<u>1,321</u>	<u>881</u>	<u>9,253</u>	<u>54,466</u>

	Leasehold improvements	Plant and machinery	Vehicles	Assets under – construction motor vehicles	Assets under construction – other	Fixtures & fittings	IT equipment	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost								
At 1 April 2013	40,239	17,749	12,988	2,149	2,994	3,034	22,841	101,994
Additions	4,831	1,046	2,598	(465)	(1,151)	495	3,773	11,127
Disposals	(208)	(1,804)	(3,024)	0	0	(101)	(4,580)	(9,717)
Impairments	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0
Revaluations	159	44	36	0	0	6	(395)	(150)
At 31 March 2014	<u>45,021</u>	<u>17,035</u>	<u>12,598</u>	<u>1,684</u>	<u>1,843</u>	<u>3,434</u>	<u>21,639</u>	<u>103,254</u>
Depreciation								
At 1 April 2013	12,824	10,186	8,026	0	0	2,428	16,756	50,220
Charged in year	2,350	2,155	2,111	0	0	266	2,648	9,530
Disposals	(125)	(1,639)	(2,936)	0	0	(101)	(4,308)	(9,109)
Impairments	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0
Revaluations	58	215	66	0	0	38	50	427
At 31 March 2014	<u>15,107</u>	<u>10,917</u>	<u>7,267</u>	<u>0</u>	<u>0</u>	<u>2,631</u>	<u>15,146</u>	<u>51,068</u>
Carrying amount at 31 March 2014	<u>29,914</u>	<u>6,118</u>	<u>5,331</u>	<u>1,684</u>	<u>1,843</u>	<u>803</u>	<u>6,493</u>	<u>52,186</u>
Carrying amount at 31 March 2013	<u>27,415</u>	<u>7,563</u>	<u>4,962</u>	<u>2,149</u>	<u>2,994</u>	<u>606</u>	<u>6,085</u>	<u>51,774</u>
Asset Financing:								
Owned	<u>29,914</u>	<u>6,118</u>	<u>5,331</u>	<u>1,684</u>	<u>1,843</u>	<u>803</u>	<u>6,493</u>	<u>52,186</u>
Carrying amount at 31 March 2014	<u>29,914</u>	<u>6,118</u>	<u>5,331</u>	<u>1,684</u>	<u>1,843</u>	<u>803</u>	<u>6,493</u>	<u>52,186</u>

Property, plant and equipment have been stated at current cost using the modified historic costing indices from the Office for National Statistics (MM22) for each category of asset.

During the financial year (2014-15) BTP has automated its Fixed Asset Register (FAR). As a result some anomalies were found in the in-year depreciation calculations.

This was corrected as a part of the implementation of the FAR.

7 Intangible assets

Intangible assets comprise of purchases of software, software licences, the wide area network project and expenditure on website development.

	Licences	Software	Wide area network	Websites	Assets under construction	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 April 2014	4,641	2,286	4,680	137	0	11,744
Additions	1,055	2,264	0	100	0	3,419
Disposals	0	(11)	0	0	0	(11)
Impairments	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
At 31 March 2015	5,696	4,539	4,680	237	0	15,152
Amortisation						
At 1 April 2014	3,384	1,594	2,357	35	0	7,370
Charged in year	586	326	1,061	31	0	2,004
Disposals	0	(9)	0	0	0	(9)
Impairments	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
At 31 March 2015	3,970	1,911	3,418	66	0	9,365
Carrying amount at 31 March 2015	1,726	2,628	1,262	171	0	5,787
Carrying amount at 31 March 2014	1,257	693	2,323	102	0	7,370
Asset Financing:						
Owned	1,726	2,628	1,262	171	0	5,787
Carrying amount at 31 March 2015	1,726	2,628	1,262	171	0	5,787

	Licences	Software	Wide area network	Websites	Assets under construction	Total Restated
	£000	£000	£000	£000	£000	£000
Cost						
At 1 April 2013	4,685	4,228	4,675	58	1	13,647
Additions	475	247	5	79	(1)	805
Disposals	(519)	(2,189)	0	0	0	(2,708)
Impairments	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
At 31 March 2014	4,641	2,286	4,680	137	0	11,744
Amortisation						
At 1 April 2013	3,231	2,820	1,421	12	0	7,484
Charged in year	641	529	936	23	0	2,129
Disposals	(488)	(1,755)	0	0	0	(2,243)
Impairments	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
At 31 March 2014	3,384	1,594	2,357	35	0	7,370
Carrying amount at 31 March 2014	1,257	693	2,323	102	0	4,374
Carrying amount at 31 March 2013	1,454	1,408	3,254	46	0	6,163
Asset Financing:						
Owned	1,257	693	2,323	102	0	4,370
Carrying Amount at 31 March 2014	1,257	693	2,323	102	0	4,370

8 Financial instruments

Owing to the largely non-trading nature of its activities and the way in which the Authority is financed, the Authority is not exposed to the degree of financial risk faced by business entities. The Authority has very limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Authority in undertaking its activities.

Liquidity risk

The Authority's net revenue and capital resource requirements are financed by resources from the PSA holders, and other Government bodies. There is an agreement with the Department for Transport to provide a loan facility based on cashflow requirement. Therefore the Authority is not exposed to significant liquidity risks.

Interest rate risk

All of the Authority's financial assets and all of its financial liabilities carry nil or fixed rates of interest, and the Authority is not therefore exposed to significant interest-rate risk.

Foreign currency risk

The Authority's exposure to foreign currency risk is not significant. Foreign currency income and expenditure is negligible.

Fair values

Set out below is a comparison by category of book values and fair values of the Authority's financial assets and liabilities as at 31 March 2015.

Primary financial instruments:

	Book Value £000	Fair Value £000
Financial assets:		
Cash at bank	28,441	28,441
Trade receivables	9,735	9,735
	<u>38,176</u>	<u>38,176</u>
Financial liabilities:		
VAT payable	933	933
Other taxation & social security payables	3,970	3,970
Trade payables	483	483
	<u>5,386</u>	<u>5,386</u>

9 Inventories

	31 March 2015	31 March 2014
	£000	£000
Uniforms		
Opening balance	1,087	499
Additions	527	944
Utilisations	0	(356)
Closing balance	<u>1,614</u>	<u>1,087</u>
Other	£000	£000
Opening balance	122	287
Additions	0	122
Utilisations	0	(287)
Closing balance	<u>122</u>	<u>122</u>
Total inventories	<u>1,736</u>	<u>1,209</u>

10 Trade receivables and other current assets

	31 March 2015 £000	31 March 2014 £000
Amounts falling due within one year:		
Trade receivables	9,735	7,676
VAT receivable	0	0
Other receivables	2,222	1,039
Prepayments and accrued income	6,660	6,177
Less: Provision for bad and doubtful debts	(122)	(122)
Total	18,495	14,770

	31 March 2015 £000	31 March 2014 £000
Amounts falling due after more than one year:		
Prepayments and accrued income	0	89
	0	89

Amounts in the above figures due to other entities included in the whole of government accounts

	31 March 2015 £000	31 March 2014 £000
Other central government bodies	2,482	16
Local authorities	11,148	6,239
NHS bodies	0	0
Public corporations and trading funds	0	0
Intra-government debtors	13,630	6,255
Bodies external to government	4,865	8,604
	18,495	14,859

11 Cash and cash equivalents

	31 March 2015 £000	31 March 2014 £000
Balance at 01 April	37,259	29,650
Net change in cash and cash equivalent balances	(8,818)	7,609
Balance at 31 March	28,441	37,259
The following balances at 31 March were held at:		
Government banking service	108	109
Commercial banks and cash in hand	28,333	37,150
Balance at 31 March	28,441	37,259

12 Trade payables and other current liabilities

	31 March 2015	31 March 2014
	£000	£000
Amounts falling due within one year:		
VAT payable	933	505
Other taxation & social security payables	3,970	3,951
Trade payables	483	3,109
Other payables	154	399
Accruals & deferred income	24,353	25,179
Total	29,893	33,143
Amounts falling due after more than one year		
Other payables, accruals and deferred income	817	923
	817	923
Amounts in the above figures due to other entities included in the whole of government account		
	31 March 2015	31 March 2014
	£000	£000
Other central government bodies	5,116	4,770
Local authorities	46	2,418
Intra-government payables and liabilities	5,162	7,188
Bodies external to government	25,548	26,878
	30,710	34,066

13 Provisions for liabilities and charges

Provisions have been recognised within the accounts where:

- (i) The Authority has a present obligation (legal or constructive) as a result of a past event;
- (ii) it is probable that a transfer of economic benefits will be required to settle the obligation;
- (iii) a reliable estimate can be made of the amount of the obligation;
- (iv) it is subject to a case threshold of £50,000.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at 31 March 2015.

	Claims against the Authority £'000	Employment tribunals £'000	Dilapidations £'000	Other provisions £'000	Total £'000
Balance at 1 April 2013	340	0	250	676	1,266
Provided in the year	357	0	0	12	369
Provisions not required written back	(152)	0	0	0	(152)
Provisions utilised during the year	(188)	0	0	(176)	(364)
Balance at 1 April 2014	357	0	250	512	1,119
Provided in the year	62	0	0	529	591
Provisions not required written back	0	0	0	0	0
Provisions utilised during the year	(357)	0	0	(54)	(411)
Balance at 31 March 2015	62	0	250	987	1,299

Claims against the Authority

This provision applies to claims made by employees of the Authority/Force and members of the public, which were allegedly caused by the Authority's/Force's negligence and result in injury, loss or damage. The provision is created based on information provided on a regular basis by professional in-house staff and solicitors and is the estimated cost of settlement including legal costs for outstanding liabilities valued in excess of £50,000.

Dilapidations

This provision applies to dilapidations of leasehold properties.

Other provisions

This provision includes an estimate of costs in relation to redundancies and the re-employment of retired police officers that were in breach of tax legislation as well as a provision in relation to costs for the force restructure voluntary severance scheme.

14 Capital commitments

As at 31 March 2015 there were no Capital Commitments relating to work yet to be started on properties (nil at 31 March 2014).

15 Commitments under leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

Obligations under operating leases for the following periods comprise:

	31 March 2015	31 March 2014
	£000	£000
Buildings:		
Not later than one year	7,424	7,630
Later than one year and not later than five years	23,452	25,671
Later than 5 years	33,616	37,109
Total operating lease obligations	64,492	70,410

15.1 Finance leases

The Authority have no leases that meet the definition of finance leases under IAS17.

16 Other financial commitments

The Authority did not enter into any non-cancellable contracts (which are not leases) during 2014-15 (Nil in 2013-14 and previous years).

17 Related party transactions – London Underground area

The Authority employs police officers and police staff who work in the London Underground Area of the Force. This arrangement is embodied within a formal written agreement between the British Transport Police Authority and Transport for London (TfL) entitled Pan-London Police Services Agreement, dated 27 January 2014. It remains in force until terminated at any time by either party requiring three years notice of the intention to do so.

The agreement stipulates that TfL will indemnify the Authority for all reasonable costs associated with the delivery of police services.

The Chief Constable has legal authority for the Force and, subject to approval by the Authority, and in agreement with TfL determines the level of resources required annually. Under the

agreement the Authority recharges all payroll and other agreed costs of providing the police service to TfL on a periodic basis. In addition the agreement provides for the recovery of an appropriate share of the Authority's centrally organised services.

In 2014-15 staff costs relating to London Underground Ltd (LUL) were £44.9m (£45.6m for the year ended 31 March 2014). The average number of police officers and police staff employed on London Underground during 2014-15 were 953 (1,010 for the year ended 31 March 2014).

LUL was invoiced by the Authority £14,711,509 in 2014-15 for non-staff related costs (£13,788,035 in 2013-14) and as at 31 March 2015 £4,198,230 was outstanding (£2,380,208 at 31 March 2014).

18 Related party transactions – other

The Department for Transport as the Authority's sponsor is a related party. The Department for Transport was invoiced by the Authority £49,972 in 2014-15 (Nil in 2013-14) and as 31 March 2015 there was nothing outstanding (£Nil at 31 March 2014).

Network Rail with whom the Authority has a Police Service Agreement is also a related party. Network Rail was invoiced by the Authority £85,046,441 in 2014-15 (£83,010,128 in 2013-14) and as at 31 March 2015 £2,334,500 was outstanding (£2,823.710 at 31 March 2014).

Five members of the Authority are drawn from organisations providing railway services. Some of these members are employed by organisations that have contracts with the Authority. The corporate governance arrangements of the Authority require members to register financial and other interests and also to disclose personal or prejudicial interest where matters are discussed at meetings of the Authority.

Also, three members are drawn from a background which requires them to have an interest with people travelling on the railway. Further details of Authority members and their interests can be found in the Chief Executive's Report.

19 Third party assets

The Authority administers funds on behalf of third parties. Money held by the funds is not owned by the Authority and is not included in the statement of financial position. Authority staff administer the British Transport Police Authority Property Act fund account and the British Transport Police cash seizures accounts on behalf of the Authority and the remaining funds on behalf of their respective governing bodies. Details of these funds are below:

	31 March 2014 £000	Gross Inflows £000	Gross Outflows £000	31 March 2015 £000
British Transport Police Authority Property Act fund account	43	2	(10)	35
British Transport Police cash seizures account	635	323	(430)	528
Total third party assets	678	325	(440)	563

British Transport Police Authority Property Act fund account

Regulations under the Police (Property) Act 1897 and its subsequent amending legislation permit police to retain the proceeds from the disposal of property that comes into police possession in connection with a criminal charge (or suspicion of a criminal offence being committed) where the owner has not been ascertained or no court order has been made. The legislation stipulates that the income is to be used to meet the cost of the storage and the sale of property with any residual funds being used for charitable purposes in accordance with directions of the Force's Police Authority. The British Transport Police Authority Property Act fund account is used for this purpose.

20 Losses and special payments

There were no special payments or losses in the financial year.

21 Reserves

These comprise the distributable reserve, the revenue financing reserve, the capital financing reserve, the working capital reserve and the contingency reserve.

	Retained Earnings	Revenue financing reserve	Capital financing reserve	Working capital reserve	Contingency reserve	Total
	£000	£000	£000	£000	£000	£000
Opening balance at 01 April 2013	(34,528)	54,764	38,508	6,500	3,595	68,839
Prior year adjustment – changes in accounting policy	0	0	0	0	0	0
Restated balance at 01 April 2013	(34,528)	54,764	38,508	6,500	3,595	68,839
Comprehensive income for the year	(43,671)	0	0	0	0	(43,671)
Cash Received from Debtors and Creditors previously written off	0	0	0	0	0	0
Transfer between reserves	99,241	(54,733)	0	0	50	44,558
Revenue grant received	0	0	0	0	0	0
Capital grant in aid received	0	0	0	0	0	0
Amounts repaid to the DfT	0	(31)	0	0	0	(31)
Balance at 31 March 2014	21,042	(0)	38,508	6,500	3,645	69,695
Prior year adjustment – changes in accounting policy	0	0	0	0	0	0
Prior year as restated	21,042	(0)	38,508	6,500	3,645	69,695
Comprehensive income for the year	(24,753)	0	0	0	0	(24,753)
Cash Received from Debtors and Creditors previously written off	0	0	0	0	0	0
Transfer between reserves	29,778	0	0	0	150	29,928
Revenue grant received	0	0	0	0	0	0
Capital grant in aid received	0	0	0	0	0	0
Amounts repaid to the DfT	0	0	0	0	0	0
Changes in Reserves not in SoCI -	(143)	0	0	0	0	(143)
Roundings - to remove at year end	0	0	0	0	0	0
Closing balance at 31 March 2015	<u>25,924</u>	<u>(0)</u>	<u>38,508</u>	<u>6,500</u>	<u>3,795</u>	<u>74,727</u>

Retained Earnings

The Retained Earnings reserves represents the Authority's cumulative past operating surpluses/deficits.

Revenue financing reserve

The revenue financing reserve represents funding received from the DfT. This has primarily been to cover the impact of the Judicial Review, which resulted in the core PSA charges being based on two models which did not recover 100% of the Authority's net expenditure. There was a formal agreement with the DfT to fund this gap. The Authority received formal permission from the DfT to convert these funds from loan to financing. In addition the Authority have also received funding to cover the cost of the Olympics and the metal theft taskforce. All revenue financing has now been released to the distributable reserve to offset against expenditure incurred.

Capital financing reserve

The capital financing reserve represents the funding received from the DfT for the general acquisition of capital goods.

Working capital reserve

The working capital reserve represents grant in aid from the DfT to ensure the liquidity of the Authority.

Contingency reserve

The contingency reserve was created with the agreement of HM Treasury and the DfT to provide for unexpected events, such as major incidents and crimes, and to reduce the impact of these events on a single years budget. The reserve ceiling is being increased by the retail price index each year.

22 Disclosure of retirement benefits

The pension costs associated with staff employed by the Authority during the year are £43.3m (£53.8m in 2013-14). In addition there was a net interest on the pension fund of £15.4m (£19.9m in 2013-14), leaving a net debit in relation of pensions for the year of £58.66m (£73.7m in 2013-14). The total pension liabilities for all staff, past and present, are shown in the statement of financial position. These amount to £630.3m (£356.5m in 2013-14). HM Treasury have confirmed that the charge or credit to the statement of comprehensive income arising from IAS19 should be excluded from the calculation of the amount to be reclaimed from parties with Police Service Agreements with the Authority.

The fund participates in two pension schemes, both of which are the direct responsibility of the Authority. In addition, Railways Pension Investments Limited (RPMI) have a role in relation to the management and administration of the scheme. The schemes are the British Transport Police Force Superannuation Fund (BTPFSF) for police officers and the British Transport Police Section of the Railways Pension Scheme (RPS) for other staff. Both schemes cover past and present employees, and aim to be fully funded.

The position of the schemes at 31 March 2015 were as follows:

	31 March 2015	31 March 2014
	£000	£000
Pension liabilities		
British Transport Police Force Superannuation Fund (BTPFSF)	(555,870)	(321,210)
British Transport Police Section of the Railways Pension Scheme (RPS)	(74,380)	(35,260)
	<u>(630,250)</u>	<u>(356,470)</u>

The amounts recognised in the statement of comprehensive income are as follows:

	31 March 2015	31 March 2014
	£000	£000
Pension costs reflected in the statement of comprehensive income		
Current Service Cost – BTPFSF	34,850	43,370
Current Service Cost – RPS	7,950	9,690
Less: Government Support Payments*	0	(1,610)
	<u>42,800</u>	<u>51,450</u>
Timing Differences**	507	2,363
	<u>43,307</u>	<u>53,813</u>
	31 March 2015	31 March 2014
	£000	£000
IAS19 interest reflected in the statement of comprehensive income		
Net Interest – BTPFSF	13,870	17,900
Net Interest – RPS	1,480	1,990
	<u>15,350</u>	<u>19,890</u>
Total amount recognised in the statement of comprehensive income	<u>58,657</u>	<u>73,703</u>

* Government support payments have been excluded from the statement of comprehensive income as they are eliminated from the IAS19 calculation of the overall cost of the pensions, and it is appropriate to include an assumption of Government support in the actuarial valuation of the pensions liability.

** The timing differences are due to the pension schemes and the Authority having different financial years. This results in transactions being included within the Authority's accounts but not within the pensions scheme's figures.

Further details can be found in **note 23**.

23 British Transport Police Force Superannuation Fund (BTPFSF)

The British Transport Police Force Superannuation Fund was established by a Trust Deed made on 30 December 1974 which amalgamated the British Transport Police Force Superannuation and Retirement Benefit Funds, which itself was established by a Trust Deed made on 1 September 1968, (the 1968 Section), and the British Transport Police Force Superannuation Fund 1970 Section, established by a Trust Deed on 5 April 1972 (the 1970 Section).

From 1 April 2007 the BTPFSF established a new category where all new joiners will be enrolled – hereafter known as BTPFSF (new). The existing category was closed to all new members at this time. The new category is a defined benefit scheme.

The employer contribution includes the benefit support contributions received by the Government.

The BTPFSF provides benefits on a “final salary” basis at a pension age of 55. Pension benefits accrue at the rate of one-forty-fifth of final average salary less one-thirtieth of final average State flat-rate pension for each year of beneficial membership. In addition a lump sum is payable on retirement. This value of this is dependent on the rules applicable to the individual concerned.

Members pay contributions of 16.0% of scheme salary and the employer pays one and a half times the employee contribution, being 24.0%. In addition the employer paid a deficit payment of 1.7% of the benefit outgoings for the 1970 Contributory Section of the BTPFSF for 3 years from 1 April 2005 until 31 March 2008.

The BTPFSF (new) provides benefits on a “final salary” basis at a pension age of 55. Pension benefits accrue at the rate of one-seventieth of final average salary for each year of beneficial membership of the fund (subject to a maximum of thirty-five years). In addition, a tax-free lump sum equivalent to four-seventieths of final average salary for every year of beneficial membership in the fund is payable on retirement.

Members pay contributions of 10.0% of pensionable salary and the employer pays twice the employee contribution, being 20.0%.

The service cost has been calculated as the total cost (including BRASS contributions which are also included in the employer’s contribution figure) less actual employee contributions. BRASS and AVC Extra are additional voluntary contribution arrangements which accept additional employee contributions.

It is the policy of the Authority to recognise actuarial gains and losses in the year they occur through other comprehensive income.

With effect from 1 April 2015, new entrants to the Fund have joined the new CARE section which aims to provide benefits which are broadly equivalent to those provided by the Home Office for new officers. On this basis members earn benefits each year based on their salary in that year revalued to retirement in line with CPI plus 1.25% per annum. Whilst all existing members continue to earn final salary benefits, members who joined on or after 1 April 2007 now pay increased contributions equal to 40% of the total cost of benefits from time to time, in line with all other members of the Fund. This means that all such members pay a contribution of 12% per annum of Pensionable Salary from 1 April 2015.

Under the Trust Deed and Rules the pension fund is subject to an independent triennial actuarial valuation to monitor the funding level and determine the employer’s and employees’ contribution rates. An independent actuarial valuation was carried out as at 31 December 2009 by Towers Watson. The results, which showed a deficit, have now been finalised, and a recovery plan has been agreed with the Trustee, whereby it has been agreed that the employer repays £5.0m per annum, commencing 01 October 2011 and ending 31 March 2019. The repayment schedule incorporates an allowance for inflation each year.

Punter Southall have been appointed by the Trustee of the BTPFSF to conduct the triennial actuarial valuation as at 31 December 2012. The results were finalised on 27 February 2014 and indicate that no changes are required, at present, to the current level of contributions or the deficit recovery plan. The Authority also uses Punter Southall to provide the annual IAS19 valuation.

As this pension scheme is a defined benefit scheme there is a risk that changes in discount rate, price inflation or life expectancy assumptions could lead to a materially higher IAS 19 deficit. Given the long term time horizon of the pension plan cashflows, the assumptions used are uncertain. The assumptions can also be volatile from year to year due to changes in investment market conditions.

A higher pension deficit may lead to additional funding requirements when these are next reviewed by the Trustee in 2016. Any further deficit relative to the funding target agreed with the Trustees, which may differ from the funding position under IAS 19, will be financed over a period that ensures the contributions are reasonably affordable to the BTP.

There is also a risk that the change in the asset value of each plan from one year to the next can be volatile. The plans invest primarily in equity, debt instruments and property and hence are exposed to a crash in any one of those markets. Such instances could lead to a materially higher IAS 19 deficit.

	31 March 2015	31 March 2014
The employer's pension contributions as a percentage of salaries	24.00%	17.86%

A Change in defined benefit obligation

	31 March 2015	31 March 2014
	£000	£000
Defined benefit obligation at end of the prior year	1,285,710	1,356,170
Current service cost	34,850	43,370
Interest expense	57,040	58,720
Cash flows		
– Benefits payments from plan	(48,880)	(43,050)
– Participant contributions	11,570	11,670
Remeasurements		
– Effect on changes in demographic assumptions	(11,410)	10,000
– Effect of changes in financial assumptions	278,500	(105,000)
– Effect of experience adjustments	40,050	(46,170)
Defined benefit obligation at end of year	1,647,430	1,285,710

B Changes in fair value of plan assets

	31 March 2015	31 March 2014
	£000	£000
Fair value of plan assets at end of the prior year	964,500	931,200
Interest Income	43,170	40,820
Cash flows		
– Employer contributions	26,730	24,490
– Government support payments	0	1,610
– Participant contributions	11,570	11,670
– Benefits payments from plan	(48,880)	(43,050)
– Administrative expenses paid from plan assets	(2,010)	(1,670)
Return on plan assets (excluding interest income)	96,480	(570)
Fair value of plan assets at end of year	1,091,560	964,500

C Amounts recognised in the statement of financial position

	31 March 2015	31 March 2014
	£000	£000
Defined benefit obligation	1,647,430	1,285,710
Fair value of plan assets	(1,091,560)	(964,500)
Net liability	555,870	321,210
Amounts in the statement of financial position:		
Net liability	555,870	321,210
assets	0	0
Net liability	555,870	321,210

D Components of defined benefit cost

	31 March 2015	31 March 2014
	£000	£000
Service Cost		
– Current service cost	34,850	43,370
Total service cost	34,850	43,370
Net interest cost		
– interest expense on defined benefit obligation	57,040	58,720
– interest (income) on plan assets	(43,170)	(40,820)
Total net interest cost	13,870	17,900
Administrative expenses and taxes	2,010	1,670
Defined benefit cost included in the statement of comprehensive income	50,730	62,940
Remeasurements (recognised in other comprehensive income)		
– Effect on changes in demographic assumptions	(11,410)	10,000
– Effect of changes in financial assumptions	278,500	(105,000)
– Effect of experience adjustments	40,050	(46,170)
– (Return) on plan assets (excluding interest income) *	(96,480)	570
Total remeasurements included in other comprehensive income	210,660	(140,600)
Total defined benefit cost recognised in statement of comprehensive income and other comprehensive income	261,390	(77,660)

The Authority expects to contribute around £24.7m to this pension scheme in the year ending 31 March 2016 (£26.8m in the year ended 31 March 2015).

E Net defined benefit liability (asset) reconciliation

	31 March 2015	31 March 2014
	£000	£000
Net defined benefit liability (asset)	321,210	424,970
Defined benefit cost included in the statement of comprehensive income	50,730	62,940
Total remeasurements included in other comprehensive income	210,660	(140,600)
Employer contributions	(26,730)	(26,100)
	<hr/>	<hr/>
Net defined benefit liability (asset) as of end of year	555,870	321,210

F Defined benefit obligation

	31 March 2015	31 March 2014
	£000	£000
Defined benefit obligation by participant status		
– Actives	913,880	619,700
– Vested deferreds	73,000	68,610
– Retirees	660,550	597,400
	<hr/>	<hr/>
Total	1,647,430	1,285,710

G Plan assets

	31 March 2015	31 March 2014
	£000	£000
Fair value of plan assets		
– Cash and cash equivalents	0	94,240
– Equity instruments	1,078,660	488,220
– Debt instruments	0	236,810
– Real estate	0	79,110
– Investment funds	0	23,680
– Other	12,090	42,440
	<hr/>	<hr/>
Total	1,090,750	964,500
Fair value of plan assets with a quoted market price		
– Cash and cash equivalents	0	94,240
– Equity instruments	1,078,660	488,220
– Debt instruments	0	236,810
– Real estate	0	79,110
– Investment funds	0	23,680
– Other	0	28,330
	<hr/>	<hr/>
Total	1,078,660	950,390

H Significant actuarial assumptions

Weighted average assumptions to determine benefit obligations

	31 March 2015	31 March 2014
Discount rate	3.30%	4.50%
Rate of salary increase	3.10%*	3.40%**
Rate of price inflation	3.10%	3.40%
Rate of pension increases	2.10%	2.40%

* allowance has been made for short term pay increases of 1%, 1%, 2% and 2% in years 1, 2, 3 and 4 after the measurement date respectively. Then increases of 3.10% pa thereafter.

** allowance has been made for short term pay increases of 1%, 1%, 2% and 2% in years 1, 2, 3 and 4 after the measurement date respectively. Then increases of 3.4% pa thereafter.

Assumed life expectations on retirement at age 65

	31 March 2015	31 March 2014
Retiring today (male member age 65)	22.3	23.3
Retiring today (female member age 65)	24.0	25.8
Retiring in 20 years (male member age 45 today)	24.8	25.1
Retiring in 20 years (female member age 45 today)	26.7	27.7

The expected future lifetime of a male pensioner aged 65 is 22.3 years. For a future pensioner retiring in 20 years, this increases to 24.8 years.

I Sensitivity analysis

	31 March 2015	31 March 2014
	£m	£m
Discount rate		
– Discount rate – 25 basis points	1,091.56	1,351.94
– Assumption	3.05%	4.25%
– Weighted average duration of defined benefit obligation (in years)	0	20
– Discount rate + 25 basis points	1,091.56	1,224.10
– Assumption	3.55%	4.75%
– Weighted average duration of defined benefit obligation (in years)	0	20
Inflation rate		
– Inflation rate – 25 basis points	1,091.56	1,226.91
– Assumption	3.30%	3.15%
– Inflation rate + 25 basis points	1,091.56	1,347.94
– Assumption	3.30%	3.65%
Mortality		
– Mortality	1,685.67	1,309.84
– Assumption	-1 year age rating	-1 year age rating

British Transport Police Section of the Railways Pension Scheme (RPS)

The Railways Pension Scheme (RPS) was established by the Railways Pension Scheme Order 1994 (SI No 1433). The British Transport Police Shared Cost Section of the Scheme was established on 1 July 2004 by a Deed of Establishment and Participation between the British Transport Police Authority (the “Participating Employer”) and Railways Pension Trustee Company Limited as Trustee of the Scheme (the Trustee).

This section is open to new members.

The RPS provides benefits on a defined benefit “final salary” basis at a pension age of 60. Pension benefits accrue at the rate of one-sixtieth of final average pay less one-fortieth of the final average basic State pension for each year of pensionable service. In addition, a lump sum equivalent to one fortieth of final average pay for every year of pensionable service is payable on retirement.

Members pay contributions of 10.06% of section pay (this was 9.2% up to 30 June 2009). The employer contribution is one and a half times the members’, being 15.09% + plus BRASS matching of up to 5% of eligible members’ pensionable pay (this was 14.46% with no BRASS matching up to 30 June 2009).

The service cost has been calculated as the total cost (including BRASS contributions which are also included in the current employer’s contribution figure) less actual employee contributions. BRASS contributions are additional voluntary contributions made by the employee. Members are entitled to receive employer contributions matching their own contribution up to a set level. Prior to 1 July 2009 this was being met from the sections assets. Since 1 July 2009 the employer now pays BRASS matching contributions directly. Increases to BRASS matching contributions were frozen with effect from 2 July 2004.

It is the policy of the Authority to recognise actuarial gains and losses in the year they occur through other comprehensive income.

An actuarial valuation of the police staff pensions section of the RPS fund was agreed as at 31st December 2013. The valuation presented a funding level of 105.5% on an asset base of £86.3m. The Authority also uses Punter Southall Limited to provide annual IAS19 Valuation.

As this pension scheme is a defined benefit scheme there is a risk that changes in discount rate, price inflation or life expectancy assumptions could lead to a materially higher IAS 19 deficit. Given the long term time horizon of the pension plan cashflows, the assumptions used are uncertain. The assumptions can also be volatile from year to year due to changes in investment market conditions.

A higher pension deficit may lead to additional funding requirements when the current review is completed by the Trustee in early 2015. Any deficit relative to the funding target agreed with the Trustees, which may differ from the funding position under IAS 19, will be financed over a period that ensures the contributions are reasonably affordable to the BTP.

There is also a risk that the change in the asset value of each plan from one year to the next can be volatile. The plans invest primarily in equity, debt instruments and property and hence are exposed to a crash in any one of those markets. Such instances could lead to a materially higher IAS 19 deficit.

	31 March 2015	31 March 2014
	£000	£000
The employer's pension contributions as a percentage of salaries	15.09%	4.09%

A Change in defined benefit obligation

	31 March 2015	31 March 2014
	£000	£000
Defined benefit obligation at end of the prior year	120,370	125,490
Current service cost	7,950	9,690
Interest expense	5,420	5,460
Cash flows		
– Benefits payments from plan	(3,430)	(2,600)
– Participant contributions	3,290	3,140
Remeasurements		
– Effect on changes in demographic assumptions	970	0
– Effect of changes in financial assumptions	40,660	(20,850)
– Effect of experience adjustments	2,710	40
	<hr/>	<hr/>
Defined benefit obligation at end of year	177,940	120,370

B Changes in the fair value of plan assets are as follows:

	31 March 2015	31 March 2014
	£000	£000
Fair value of plan assets at end of the prior year	85,110	76,280
Interest Income	3,940	3,470
Cash flows		
– Employer contribution (including BRASS matching)	4,950	4,830
– Participant contributions	3,290	3,140
– Benefits payments from plan	(3,430)	(2,600)
– Administrative expenses paid from plan assets	(470)	(380)
Return on plan assets (excluding interest income)	10,170	370
	<hr/>	<hr/>
Fair value of plan assets at end of year	103,560	85,110

C Amounts recognised in the statement of financial position

	31 March 2015	31 March 2014
	£000	£000
Defined benefit obligation	177,940	120,370
Fair value of plan assets	(103,560)	(85,110)
Net liability	<u>74,380</u>	<u>35,260</u>

D Components of defined benefit cost

	31 March 2015	31 March 2014
	£000	£000
Service Cost		
Current service cost	7,950	9,690
Total service cost	<u>7,950</u>	<u>9,690</u>
Net interest cost		
– interest expense on defined benefit obligation	5,420	5,460
– interest (income) on plan assets	(3,940)	(3,470)
Total net interest cost	<u>1,480</u>	<u>1,990</u>
Administrative expenses and taxes	<u>470</u>	<u>380</u>
Defined benefit cost included in the statement of comprehensive income	9,900	12,060
Remeasurements (recognised in other comprehensive income)		
– Effect of changes in financial assumptions	40,660	(20,850)
– Effect of experience adjustments	2,710	40
– (Return) on plan assets (excluding interest income) *	(10,170)	(370)
– Net measurement regains/losses – demographic	970	
Effect of asset limitation and IAS minimum funding requirement	0	0
Effect of asset limitation and IAS minimum funding requirement	<u>0</u>	<u>0</u>
Total remeasurements included in other comprehensive income	34,170	(21,180)
Total defined benefit cost recognised in statement of comprehensive income and other comprehensive income	44,070	(9,120)

The Authority expects to contribute around £4.7m to this pension scheme in the year ending 31 March 2016 (£5.0m in the year ended 31 March 2015).

E Net defined benefit liability (asset) reconciliation

	31 March 2015	31 March 2014
	£000	£000
Net defined benefit liability (asset)	35,260	49,210
Effect of changes in demographic assumptions	9,900	12,060
Total defined benefit cost recognised in the SoCl and OCI	34,170	(21,180)
Employer contributions	(4,950)	(4,830)
	<hr/>	<hr/>
Net defined benefit liability (asset) as of end of year	74,380	35,260

F Defined benefit obligation

	31 March 2015	31 March 2014
	£000	£000
Defined benefit obligation by participant status		
– Actives	115,870	83,500
– Vested deferreds	39,370	26,380
– Retirees	22,700	10,490
	<hr/>	<hr/>
Total	177,940	120,370

G Plan assets

	31 March 2015	31 March 2014
	£000	£000
Fair value of plan assets		
– Cash and cash equivalents	0	7,730
– Equity instruments	103,560	50,200
– Debt instruments	0	13,940
– Real estate	0	8,210
– Investment funds	0	2,460
– Other	0	2,570
	<hr/>	<hr/>
Total	103,560	85,110

H Significant actuarial assumptions

Weighted average assumptions to determine benefit obligations

	31 March 2015	31 March 2014
Discount rate	3.30%	4.50%
Rate of price inflation (RPI)	3.10%	3.40%**
Rate of price inflation (CPI)	2.10%	2.40%
Rate of increase in salaries	3.10%*	3.40%
Rate of pension increases	2.10%	2.40%

* allowance has been made for short term pay increases of 1%, 2%, 2% and 2% in years 1, 2, 3 and 4 after the measurement date respectively. Then increases of 3.1% pa thereafter.

** allowance has been made for short term pay increases of 1%, 1%, 2% and 2% in years 1, 2, 3 and 4 after the measurement date respectively. Then increases of 3.4% pa thereafter.

Assumed Life expectancies on retirement at age 65 are:

	31 March 2015	31 March 2014
Retiring today – Males	21.8	n/k
Retiring today – Females	23.4	n/k
Retiring in 20 years time – Males	24.0	n/k
Retiring in 20 years time – Females	25.8	n/k

**allowance was made for a pay freeze until 2014, then increases of 1% pa for 3 years and then increases of 4.5% pa thereafter.

***allowance has been made for a pay freeze until 2013 and then increases of 4.4% pa thereafter.

Assumed life expectations on retirement at age 65

Due to a change in the way in which the weighted average life expectancy for mortality is calculated this information is no longer supplied in the same format as previous years.

The actuarial update as at 31 March 2015 showed an increase in the shortfall from £35,260,000 to £74,380,000.

I Sensitivity analysis

	31 March 2015	31 March 2014
	£m	£m
Discount rate		
– Discount rate – 25 basis points	103.56	129.83
– Assumption	3.05%	4.25%
– Weighted average duration of defined benefit obligation (in years)	0	30
– Discount rate + 25 basis points	103.56	111.71
– Assumption	3.55%	4.75%
– Weighted average duration of defined benefit obligation (in years)	0	30
Inflation rate		
– Inflation rate – 25 basis points	103.56	112.25
– Assumption	3.30%	3.15%
– Inflation rate + 25 basis points	103.56	129.03
– Assumption	3.30%	3.65%
Mortality		
– Mortality	181.80	122.60
– Assumption	-1 year age rating	-1 year age rating

Further details on sensitivity can be found in the table below:

Sensitivity analysis

<u>Analysis of net statement of financial position</u>	Sensitivities from Base FY 2014 (one item changed with all other things held constant)						
	FY 2014	Base FY 2015	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate	Mortality sensitivity
Fair value of plan assets	(85.11)	(103.56)	(103.56)	(103.56)	(103.56)	(103.56)	(103.56)
Present value of benefit obligation	120.37	177.94	192.01	165.08	165.57	191.37	181.80
Net liability (asset), excluding any affect of asset limit	35.26	74.38	88.45	61.52	62.01	87.81	78.24
	Sensitivities from Base FY 2015 (one item changed with all other things held constant)						
<u>Analysis of projected pension cost</u>	Actual FY 2015	Base FY 2016	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate	Mortality sensitivity
Current service cost	7.95	12.06	13.34	10.90	10.88	13.36	12.37
Interest cost	5.42	5.87	5.85	5.85	5.46	6.31	5.99
Expected return on plan assets	(3.94)	(3.49)	(3.22)	(3.75)	(3.49)	(3.49)	(3.49)
Administrative expenses and taxes	0.47	0.47	0.47	0.47	0.47	0.47	0.47
Total pension cost before asset limits	9.90	14.91	16.44	13.47	13.32	16.65	15.34
<u>Actuarial assumptions</u>	FY 2014	Base FY 2015	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate	Mortality sensitivity
Discount rate	4.50%	3.30%	3.05%	3.55%	3.30%	3.30%	3.30%
Rate of RPI assumption	3.40%	3.10%	3.10%	3.10%	2.85%	3.35%	3.10%
Rate of CPI assumption	2.40%	2.10%	2.10%	2.10%	1.85%	2.35%	2.10%
Rate of salary increase*	3.40%	3.10%	3.10%	3.10%	2.85%	3.35%	3.10%
Mortality Table	In line with the actuarial valuation as at 31 December 2010	In line with the actuarial valuation as at 31 December 2010	In line with the actuarial valuation as at 31 December 2010	In line with the actuarial valuation as at 31 December 2010	In line with the actuarial valuation as at 31 December 2010	In line with the actuarial valuation as at 31 December 2010 less one year age adjustment	In line with the actuarial valuation as at 31 December 2010

* For the FY 2014, allowance has been made for increases of 1%, 1%, 2%, 2% in the four years after the measurement date followed by annual increases as shown above thereafter. For the FY 2015, allowance has been made for increases of 1%, 1%, 2%, 2% in the four years after the measurement date followed by annual increases as shown above thereafter.

Notes:

All figures in £m. These initial pension expense forecasts are highly sensitive to changes in market conditions and should not be relied upon without further advice.

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