British Transport Police Authority

Management Commentary on the 2009-10 Accounts

Introduction

These audited financial statements are for the year ended 31 March 2010, and have been prepared on an ongoing basis in accordance with the 2009-10 Government Financial Reporting Manual (FReM) issued by HM Treasury.

Statutory Background

On 1 July 2004 the British Transport Police Authority (BTPA) was established as a Non Departmental Public Body (NDPB) with the Department for Transport (DfT) as the sponsoring body. On this date responsibility for the British Transport Police (BTP) transferred to the BTPA under Section 18 of the Railways and Transport Safety Act (2003). The BTPA oversees the work of the BTP. It operates in a manner similar to a Home Office Police Authority although there are certain differences because BTP is a national operation and serves a specific industry, the rail network.

The BTPA is made up of an independent body of 15 members selected by the Department for Transport, who hold the BTP to account on behalf of the railway community. The BTPA's statutory duties include:

- Securing an effective and efficient police for the railways; and
- Consulting widely to ensure the railway community – train operators, staff and their passengers get the best possible value from the BTP.

This is the sixth set of accounts that the BTPA has produced as a NDPB which have been produced in accordance with the accounts direction issued by HM Treasury and also in accordance with Schedule 4, Part 3 17(b) of the Railways and Transport Safety Act (2003).

History of BTP

BTP can trace its history back to 1826, when a mention is made of the police establishment on the Stockton and Darlington Railway, making it one of the oldest police forces in the world.

Throughout its history BTP has been at the forefront of policing. BTP was one of the first forces to recruit women and pioneered the use of police dogs. A BTP police officer made the first arrest using the "electric telegraph" in 1845 and in the 1970's BTP was the first force to use a computer to report and record crime.

BTP as a single organisation was formed from a combination of several individual railway forces during nationalisation of the railways in 1947 and became part of British Rail. In 1992 BTP was reorganised into eight areas and in 1997 on the privatisation of British Rail transferred to the Strategic Rail Authority. On 1 July 2004 BTP transferred to the newly created BTPA forming part of the national policing structure, whilst being sponsored by the DfT.

Principal Activities

BTP is the national police force for the railways, providing a policing service to Network Rail, rail and freight operators, their staff and their passengers throughout England, Wales and Scotland. It is also responsible for policing the London Underground System, the Docklands Light Railway, High Speed 1 (formally Channel Tunnel Rail Link) the Midland Metro Tram System and Croydon Tramlink. These rail businesses provide a transport service to some five million people every day.

BTP forms part of the national policing structure while being sponsored by the DfT. BTP's vision is to provide policing excellence for Britain's railways. Policing excellence means being professional at all times and continually striving to provide the best possible service to the railway community and the travelling public.

Transport networks will always be a prime target for terrorist activities. To combat terrorism on the railway BTP regularly exchanges information and shares lessons learned with international law enforcement agencies. As a result BTP is well equipped in prevention measures and enforcement and has developed unmatched professionalism and expertise in this area. Specialisation is critical when it comes to dealing with threats to the running of the railway. BTP has a well established graded response approach for the assessment of unattended items and bomb threats. The success of BTP's approach is unrivalled by any other law enforcement agency.

BTP has developed significant expertise in dealing with organised events particularly associated to football policing, providing a well co-ordinated national service. The controlled movement of large numbers of people across the rail network to attend major sporting and other events is a key activity for BTP. BTP has specialist officers who work in the environment daily, who know the characteristics of stations, how to manage crowds, and how to activate emergency procedures such as stopping passenger flows or trains. During most week-ends throughout the year large numbers of football supporters travel all over the country using the rail network. BTP's central intelligence capacity allows it to make predictions about the capability needed to plan and police these events in order to minimise disruption to the rail network. BTP regularly liaises with the rail industry about football related issues and participates in joint initiatives to promote reassurance. It achieves this by increasing police visibility through policing 'hotspots' and targeted patrol to directly tackle football related crime and disorder (hooliganism, anti-social behaviour and alcohol related crime).

BTP aims to work in partnership with others to help build a safe railway environment that is free from disruption and the fear of crime.

This will be achieved by:

- Being dedicated to the specialist needs of our railway community;
- Ensuring that staff are well trained and supported to enable us to deliver the highest possible quality of service;
- Improving our systems and structure to increase effectiveness at all levels;
- Improving flows of information to our community about our aims and achievements;
- Providing value for money in all that BTP does.

The Permanent Secretary of the DfT appointed the Chief Constable as the Accounting Officer for the BTPA and BTP when the BTPA was established. Over the years this position has come to be seen as increasingly inappropriate as it made the Chief Constable accountable for the work

of his own governance body. As Accounting Officer the Chief Constable was accountable for the BTPA's work in setting a budget and recovering the costs of BTP and the BTPA from the PSA holders and in consequence for the development and application of the charging models, this is something that the Chief Executive of the BTPA, not the Chief Constable should carry accountability.

Therefore with effect from 11 April 2010, the DfT has appointed the Chief Executive of the BTPA as Principal Accounting Officer. The Chief Executive has in turn appointed the Chief Constable as additional Accounting Officer. The changes do not affect the Chief Constables responsibilities in relation to policing. The new arrangement is captured in a formal documentation prepared by the DfT and the BTPA.

Operational Performance during 2009-10

BTP and the BTPA conduct extensive consultation every year with all of BTP's stakeholders (including passengers, railway staff, the railway industry and other interested parties) to determine its Policing Plan targets. The BTPA oversees BTP's Policing Plan development process and is responsible for scrutiny and final approval of the Policing Plan. These targets combine the most important operational and organisational priorities for BTP and reflect the feedback obtained from stakeholders.

Crime statistics are assembled by extracting data from BTP's crime recording system. In the case of Policing Plan targets, pre-defined reports are set up which reflect the definitions agreed by the BTPA as part of the Policing Plan development process (for example, the particular offences and individual definitions).

BTP conducts thorough audit activity of recorded crime data to ensure compliance with the National Crime Recording Standards (these are the national standards set by the Home Office to ensure accurate and consistent recording of crime data by police forces in England and Wales). BTP was graded as excellent during the last National Audit Office Crime Audit. Other sources of data include HR data, the majority of which is taken from ORIGIN (BTP's HR management system), BTP's Quality of Service survey on victim satisfaction, and fatality data from BTP's incident recording system (NSPIS Command and Control).

In 2009-10, BTP achieved all 14 of its national targets. As well as this, recorded notifiable crime on the railways (crimes that must be formally notified to the Home Office) fell by 20% (67,217 to 55,761) and BTP's overall detection rate was up three percentage points (32% to 35%).

A summary of performance against national targets is below:

	Target	Outcome	Achieved
1	Reduce notifiable crime (excl. police generated crime)	55,761 against a target of 60,423	Yes
2	Achieve a detection rate of at least 33% for notifiable offences	35%	Yes
3	Reduce live cable related offences by 2% (excl. LU Area)	26% reduction (878 in 2009/10 against 1189 in 2008/09)	Yes
4	All fatalities to be cleared within an average of 90 minutes	81 minutes	Yes
5	Achieve at least 6% efficiency savings on the Overground budget 2008-2009 to 2010-2011	141% *	Yes
6	13% of police officers recruited to be from BME background	15%	Yes
7	13% of police officers recruited to be female	21%	Yes
8	Percentage of officers promoted to be no less than 9% Black and Ethnic Minority in the year up to 31 March 2010	9%	Yes
9	Percentage of officers promoted to be no less than 12% female in the year up to 31 March 2010	14%	Yes
10	Average sickness per employee to be less than eight days	7.73 sickness days per employee	Yes
11	Overall victim satisfaction rate to be at least 80% in 2009-2010	87%	Yes
12	Answer 90% of emergency calls within 10 seconds	93%	Yes
13	Answer 90% of non- emergency call within 40 seconds	96%	Yes
14	Increase the number of offenders detected for football related offences by at least 7%	49% increase	Yes

*this equates to 8% of the £201m budget.

The 2010-11 Policing Plan has also been developed with extensive consultation with stakeholders, as per the process described above, and is built on two central themes. These are '*Trust and Confidence'* and '*Protect and Serve'* and between them reflect both BTP's duty to protect the railway infrastructure and its users, and to maintain and improve the trust and confidence of all its stakeholders. It includes specific targets on passenger confidence, reducing violent offences and increasing offenders detected for anti-social behaviour. BTP also sets Local Policing Plans for each of its seven geographical Areas – both these and BTP's National Policing Plan are available via the BTP's website (www.btp.police.uk) or on request.

Research & Development

BTP 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:

- 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;
- Consultation with passengers, victims of crime, rail staff and other stakeholders to ensure that their views are taken into account when setting targets and priorities
- Identification and sharing of best practice with other police forces and organisations to improve processes and ways of working;
- Use of cutting edge mobile data technology to increase time spent by officers on core policing duties;
- Regular analysis of intelligence and other information to optimise use of resources.

Risks Facing BTPA

The BTPA maintains a Strategic Risk Register (SRR) which is reviewed by members of the BTPA and senior management on a regular basis. The major risks facing the BTPA are currently:

- Terrorism threat;
- Effect of economic recession on levels of crime and availability of funding;
- Effect of judicial review on funding of service.

Financial Performance in 2009-10

The budget for 2009-10 provided for £1.6m to be taken from reserves and equated approximately to the underspend in 2008-09. BTP's net expenditure was close to budget after allowing £0.4m to be transferred to the Contingency Reserve. The BTPA's net expenditure was £0.8m over budget as a result of legal and other costs which arose directly from the Judicial Review.

Results for Year ending 31 March 2010

These accounts meet the requirements of the Railways and Transport Safety Act 2003. The Income and Expenditure Account for the year is shown on page 30 and the Statement of Changes in Taxpayers Equity on page 31. The Statement of Financial Position and Cash Flow Statement are shown on Pages 32 and 33 respectively. From 1 April 2009 BTPA has adopted International Financial Reporting Standards, these accounts reflect the new standards, the effect of adoption is shown in Note 2 of the Accounts.

Effects of Judicial Review

The result of the Judicial Review into core Police Service Agreement (PSA) charges was announced in February 2009 and the accounts for 2008-09 reflected the impact of the review in so far as it affected core PSA charges up to 31 March 2009. The ongoing impact of the judgment has been reflected in the 2009-10 accounts.

There is a formal agreement in place with the DfT which provides for cover to the cash flow shortfalls and to meet any irrecoverable amounts.

Arbitration

There is currently a dispute with Arriva Trains Wales relating to their core PSA charges. This has not yet been resolved and negotiations continue.

Pensions

BTP has adopted IAS 19 (Employee Benefits) in full. This has resulted in all the assets and liabilities for each defined benefit scheme run on BTP's behalf by Railways Pension Management Ltd being disclosed (see Note 26 to the accounts). The accounting policy for pensions is disclosed in Note 1.9 to the Accounts.

Going Concern

The opening financial position as at 1 April 2009 shows net pension liabilities of £292.1m. This is owing to full implementation of Financial Reporting Standard 19 Employee Benefits (IAS19) requiring the costs and benefits of pension schemes relevant to the BTPA to be reflected in the statement of accounts. The DfT as sponsoring department has agreed to underwrite any losses incurred by BTPA because of IAS 19.

The net liability of the scheme on 31 March 2010 was £469.0m, an increase of £176.9m in the year. The increase is due to losses on liabilities (from a reduction in the discount rate and increase in assumed inflation) which were partially offset by gains on the schemes investments. This liability is accounted for as a negative pension reserve. This sum therefore has no impact on the underlying basis for meeting the BTPA's current and ongoing pension liabilities. Accordingly, it has been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Because of the agreement with the DfT, the BTPA is confident that sufficient resources are available (from PSAs, from service income and from grants from the DfT) to meet its approved expenditure needs. Accordingly it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Payment of Creditors

BTP 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; in 2009-10 performance was 73% (2008-09 65%). Copies of the guidance are available from BIS. The BTPA uses the Government Procurement Card for small low risk payments. These are paid immediately to the supplier and are not included in the statistics above.

BTP had agreed a performance target for 2009-10 of 90% of invoices paid within 30 days of receipt of invoice.

Post Statement of Financial Position Events

There are no post statement of financial position events.

These financial statements were authorised for issue on XX July 2010.

Auditors

The accounts of the BTPA are audited by the Comptroller and Auditor General (C&AG) under the Railways and Transport Safety Act (2003). The cost of the audit is £130,000. The Comptroller and Auditor General does not undertake any non audit work for the BTPA.

Provision of Audit Information

As far as the Chief Executive as Accounting Officer for the BTPA, is 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.

Communications and Employee Involvement

The BTPA values its employees and recognises their role in enabling BTP to achieve its objectives. BTP ensures effective employee involvement through regular consultation with the Superintendents Association, Police Federation and the Transport Salaried Staff Association (TSSA). BTP has also built on its relationships with the support staff groups, including the Support Network for Lesbian, Gay, Bi-sexual and Transgender Staff (LINK), the Women's Support Forum (WSF), the Support Association for Minority Ethnic Staff (SAME), the Disability Support Group (DESA), the Association of Muslim Police (AMP) and the Christian Police Association (CPA). BTP conducts regular staff engagement events and has staff suggestion schemes. Policies and procedures are in place to ensure that outcomes from staff engagement and suggestions are acted upon.

Sickness Absence

BTP is committed to maintaining a high level of attendance from police officers and police staff since this is essential to the maintenance of an efficient and effective policing service.

BTP's sickness absence monitoring is based on three principles:

- The development of an integrated and positive approach, which actively seeks to promote the overall health and wellbeing of BTP employees.
- A positive and proactive approach to sickness management that combines consistent, supportive and equitable procedures with clear expectations of good attendance.
- Robust procedures for authorising and recording sickness absences, ensuring consistency, fairness and the early identification of welfare needs.

The 2009-10 sickness target is not more than 8 days per person

Actual days sickness per person during 2009-10 were:

	2009-10	2008-09
Police Officers	7.60	7.95
Police Staff	7.36	6.32
Police Community Support Officers	10.31	6.36
Overall	7.73	7.9

Equality and Diversity

BTP strives to have a workforce which reflects the community it serves. This is reflected at a strategic level through objectives set for recruiting, progressing and retaining Black, Minority, Ethnic and women police officers, and through ensuring Diversity is embedded in everything we do.

BTP is committed to eliminating unlawful discrimination against disabled people and to ensuring that disabled people can participate fully in the working of the organisation. In pursuing these commitments BTP acknowledges the statutory duties under the Disability Discrimination Act 1995 (DDA), the Disability Discrimination Act 2005 and the Human Rights Act 1995.

Progress against these objectives is closely monitored by both BTP and the BTPA. Success on these objectives is supported through positive action initiatives and work undertaken to increase retention and progression of under-represented groups to higher ranks and grades.

Reporting of Personal Data Related Incidents

BTP has adopted the Government Security Policy Framework (SPF), which has replaced the Manual of Protective Services. The SPF has highlighted a need for a more rigorous Information Security Incident process and as consequence the Information Security Unit is developing a more robust Incident Management Standard Operating Procedure.

BTP is rolling out a software package which will provide controls for the use of portable computer storage devices and will not allow any rogue devices to be used on its force network in the future.

There has recently been a security breach in relation to the release of personal data; this is currently being investigated by the Professional Standards Department (PSD).

Environmental Management Policy

BTP remains committed to the environmental strategy agreed by the BTPA and has continued to adopt a programme of continuous improvement to ensure that we meet our legal environmental requirements and adopt best practice.

Through the programme of works undertaken under either the capital budget or the property maintenance programme this year, we have:

- Met all applicable legislative and other requirements in new works;
- Sought to reduce consumption of materials in our operations, reusing rather than disposing whenever possible, and promoting recycling and the use of recycled materials;
- Designed energy efficiency into new services, buildings and equipment.

BTP is required to adopt the sustainability targets set by Government and our performance is reported to the DfT. To take this forward, BTP has developed its base position and is meeting a new range of reporting data relating to energy and water consumption, waste disposal and recycling. The objective is to help achieve the vision for the Government Estate of continued sustainability through:

- Modern, resource efficient, low energy buildings;
- Efficient use of space and ways of working, and
- Embedding the principles of sustainable development in our working practices.

BTP will be measurable in the future against the targets which have been set in respect of:

- Climate change mitigation and adaptation;
- Sustainable consumption and production; and
- Natural resource protection.

Social & Community Issues

BTP believes community engagement is essential in its overall aims and policing strategy. BTP is committed to ensuring it has a citizen focused approach which will involve consultation, participation, accountability, transparency and public consent. Throughout the year, BTP has built on its community engagement through involving members in various aspects of the organisation's business. Examples of this are its formal community groups such as the National Independent Advisory Group (NIAG) and the pan- London Independent Advisory Network (IAN), the North-West Citizen Panel and through the NPT key individual networks, established nationally. Additionally, community members are invited to feedback on polices and attend relevant meetings around such areas as diversity action groups, stop and search forums and other meetings that have a community impact. Locally, police teams capture information in relation to the community and people that work and travel on the railway network. BTP has a large extended community family through use of the Railway Safety Accreditation Scheme, the Volunteer Management Programme and the members who work in or on the railway network.

A number of community issues have arisen during the past year. The increase in the number of English Defence League demonstrations has had an impact on the potential for community concern and disorder. BTP community members have been utilised for assistance and guidance in relation to these events in areas such as Birmingham, Scotland and Aylesbury. Where BTP carry out operations locally that could lead to an impact on the community due to a high visible presence, community impact assessments are carried out.

Community concern has risen around the use of stop and search, in particular "section 44" following the recent ruling at the European Court around the breach of certain aspects of the Human Rights legislation. BTP's approach is one of transparency and community involvement. Community members are invited to the stop search and account group, in which all aspects of stop and search powers including complaints, disproportionality and activity are reviewed. They are also invited to observe officers being trained and patrol with officers locally. BTP is now producing data that is available for public consumption via the force Internet site. In light of the recent ruling around "Section 44" it is essential that BTP maintains that balance between community consultation and cohesion in its aim of ensuring passenger safety and security.

Throughout the year there has been a high incidence of reporting within the media of the Government's Prevent strategy which is the community focused strand of the government's overall counter-terrorism contest strategy. Concerns centre on mistrust that this is a 'spying on' / intelligence gathering programme and in particular the Muslim community feel that there was little consultation prior to the launch of this strategy. BTP has held workshops in relation to the *Prevent Strategy* such as the one with community members in 2009 as well as the national launch in Birmingham in November last year. Additionally BTP held a national Neighbourhood Policing Seminar in Regent's Park Central Mosque in March 2010 which provided opportunity for

presentation / discussion around the impact and key concerns. BTP has a signed an information sharing protocol agreement with the Muslim Safety Forum, a body which represents over 100 Muslin organisations nationally, and we are also standing members of the Muslim Safety Forum meetings.

Within the railway community there has been a focus on incidents linked to deaths at level-crossings and the management of fatalities in general have been a focus. Community members have been invited to our fatality management sessions and a lot of work is taking place locally around community safety and the railway. There has also been an increase in concern around suicide within the community and BTP has a suicide prevention working group which involves the wider BTP community as well as key partners such as Samaritans.

Charitable and Political Donations

The BTPA and BTP makes no political or charitable donations.

Future Developments

Operations

BTP's Operations Department continues to respond to increasing demands and will be focusing on the following issues as a priority:

- BTP will continue to involve members of the community in the work that it does, whether it be around operations such as Notting Hill Carnival and New Year's Eve and other key events.

- BTP supports the national policing pledge a key part of which will be its response to incidents, the targeting of resources, the agreement with its partners locally around policing plans, consultation and involvement with community members via BTP's Neighbourhood Policing team community meetings. BTP will ensure that its teams publicise via their internet site up to date information and utilise at local level, newsletters to keep passengers and rail staff informed.

- BTP will continue to develop the complementary policing side of the service through the promotion of the railway safety accreditation scheme (RSAS), maximising the use of its Special Constabulary and establishing the Volunteer Programme pilot sights in London, the North Western Area and Scotland.

- BTP will continue to develop the *Prevent Strategy* implementation plan throughout 2010-11 and part of this will involve the utilisation of community members in training workshops.

- A programme of work is to be undertaken in conjunction with key partners and agencies in relation to deaths and incidents at level-crossings, the focus being around reduction and education.

- BTP will continue to support its formal community engagement groups and where practical seek out opportunities for further establishments of regional groups in support of Areas and their Policing Plans. It is important to recognise due to the nature of our organisation that the establishment of such groups should be in accordance with what is both practical and effective on an Area basis.

- With the London area a Youth Panel has been established which provides BTP with a valuable opportunity to develop our engagement with young people. This is of particular relevance since a focus for this year will be around reducing the risk of death and serious injury and the use of weapons amongst young people. BTP will be engaging with its Youth Panel as part of the strategy in tackling knife crime and gang violence. This will also enable BTP to understand the issues of concern from the perspective of young people within the community.

The BTP will be taking part in a pilot community placement exercise. This will involve police officers and Police Community Support Officers (PCSO's) being placed in the community. Officers will spend a specified time with community groups and diverse organisations to increase public confidence, achieve two way learning and increase knowledge of the community and key individual networks.

Staffing Plans

BTP's future staffing plans for 2010-11 have been developed around six key areas:

- Embedding the new HR Business Centre and Business Support by increasing HR advisors knowledge and reducing time taken to answer queries.
- Embedding the new Learning and Development (L&D) Department following the successful launch of the new L&D Training Centre.
- Improving recruitment and assessment of Officers by redesigning the recruitment and assessment process to reduce trainee drop out rate and to increase on the job effectiveness of new recruit police officers.
- Delivering and embedding the new staff pay and grading structure with a voluntary compliance rate of at least 70%.
- Completing the Establishment Project which will identify all roles within BTP.
- Deliver the Leadership Development Programme to increase leadership capability and effectiveness.

2010-11 Budget

At the 9 December 2009 meeting of the BTPA, members approved a 2010-11 net revenue budget for the BTP Force of £202.2m. The comparable figure for 2009-10 was £201.2m. At the meeting on 21 January 2010, members approved a budget for the BTPA's own expenditure of £1.92m for 2010-11. This was the same level as that approved for 2009-10. This represented an annual increase of 1.3% which was required to partially fund the existing national police officer pay increase. Taking account of movements in reserves, the meeting on 21 January also approved an increase of 1.3% in PSA charges to fund the expenditure of both BTP and the BTPA.

The BTPA meeting on 11 March delegated authority to the Chief Constable to approve the budget for the London Underground Area on the basis of savings proposals then under discussion with London Underground Ltd (LU Ltd) and Transport for London (TfL). The budget was subsequently approved by the Chief Constable at £49.7m for 2010-11 compared to the budget for 2009-10 of £51.7m. This net expenditure is entirely funded by LU Ltd.

Signature	**Signature**	**Signature**
Accounting Officer	**Chair BTPA**	**Chief Constable**
Date	**Date**	**Date**

British Transport Police Authority

Remuneration Report

Remuneration Policy

The Remuneration Policy for BTPA Members and Senior Officers of the BTPA is implemented in accordance with corporate governance procedures. The BTPA has established the Human Resources and Remuneration (HR&R) Committee to ensure this policy is followed.

Terms of reference

The HR&R Committee's terms of reference are as follows:

To monitor and recommend actions to the BTPA in respect of the BTP in respect of:

- Employment and retention policies and strategies;
- Training and development plans;
- Diversity and equality strategies and policies to implement them;
- Specific management reviews within the terms of reference;
- Staff attitude surveys and/or cultural audits;
- Relevant recommendations by Her Majesty's Inspectorate of Constabulary (HMIC).

To ratify / agree:

- Major changes to pay and conditions of all staff;
- Relevant BTP policies, e.g. health and safety, diversity and equality;
- The BTPA's own policies in relation to HR issues.

The HR&R Committee reports directly to the BTPA, and is comprised of the following four BTPA Members:

- Christine Knights – Chair;
- Lew Adams;
- Ron Culley (resigned 26 March 2010);
- Wendy Towers.

The HR&R Committee holds formal scheduled meetings - four were held in 2009-10. The Chief Constable and/or the Deputy Chief Constable attend meetings, and the HR Director Linda Scott presents issues to the HR&R Committee.The HR&R Committee reports at BTPA Meetings under the set agenda item of 'Committee Issues'.

From 1 April 2010 the terms of reference of the HR&R Committee will be subsumed into the full BTPA meeting. Matters regarding senior officer and member remuneration will be reported and agreed on by the BTPA which meets at least six times a year.

Members and Senior Officers – Appointments and Service Contracts

The BTPA must contain representation for various groups as set out in the Act, including at least four persons who have knowledge of and experience in relation to the interests of persons travelling by railway, and at least four persons who have knowledge of and experience in relation to the interests of persons providing railway services.

Members of the BTPA are appointed by the Secretary of State for Transport, with the intention that the BTPA represents and is informed of the views and interests of these groups.

Accordingly the current composition of the BTPA is as follows:

- Chair – Millie Banerjee CBE;
- Deputy Chair - Sir David O'Dowd CBE, OStJ, QPM, DL, DipSoc, BA, MSc, DSc(Hon), CCMI;
- 6 members with knowledge and experience in relation to the interests of persons providing railway services;
- 1 member who has knowledge of and experience in relation to the interests of employees;
- 5 members who have knowledge of and experience in relation to the interests of persons travelling by railway including three members listed below;
- 1 member who has knowledge of and experience of persons in Scotland and who is appointed following consultation with the Scottish Minister;
- 1 member who has knowledge of the interests of persons in Wales and who is appointed following consultation with the National Assembly for Wales;
- 1 member who has knowledge of the interests of persons in England; and

The table below provides details of Appointment and Service contracts for BTPA Members and Senior Officers for 2009-10.

Appointment/Service Contracts (Audited)

Members	Commencement of Contract	Term expiry date as at 31 March 2009	Notice period required	Main role
Urmila Banerjee CBE	1/12/2008	30/11/2012	3 months	Chairman
Sir David O'Dowd CBE, OStJ, QPM, DL, DipSoc, BA, MSc, DSc(Hon), CCMI	01/07/2008	30/06/2011	3 months	Deputy Chairman
Lew Adams OBE	01/07/2006	30/06/2010	3 months	Employee Matters
Colin Foxall CBE	04/01/2009	03/01/2013	3 months	Passenger Interests & Wales
Ian Dobbs	12/02/2008	31/01/2012	3 months	Knowledge of Industry
Robin Gisby	01/07/2006	30/06/2010	3 months	Knowledge of Industry
Michael Holden	01/07/2008	30/06/2012	3 months	Knowledge of Industry
Jeroen Weimar	01/07/2006	30/06/2010	3 months	Knowledge of Industry
James King	01/07/2008	30/06/2012	3 months	Passenger Interests and Scotland
Christine Knights	01/07/2006	30/06/2010	3 months	Passenger Interests
Suzanne May OBE	01/07/2006	30/06/2010	3 months	Passenger Interests
Ray O'Toole	17/10/2005	16/10/2009	3 months	Knowledge of Industry
Wendy Towers	01/07/2008	30/06/2012	3 months	Passenger Interests and England
Ron Culley	1/06/2008	Resigned 26/03/2010	3 months	Knowledge of Industry
Howard Collins	01/09/2009	31/08/2013	3 months	Knowledge of Industry
Neil Scales OBE	01/09/2009	31/08/2013	3 months	Knowledge of Industry

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

Appointment/Service Contracts *(continued)*

Senior Officers	**Commencement of Contract**	**Term expiry date as at 31 March 2010**	**Notice period required**	**Main role**
Richard Hemmings	01/07/2004	Resigned 31/10/2009	3 months	Chief Executive & Clerk
Paul Coen	19/10/2009	30/04/2010	1 Month	Interim Chief Executive & Clerk
Peter Haddock*	9/06/2008	11/01/2010	1 month	Deputy Chief Executive
Elizabeth Pike	01/06/2004	31/05/2010	1 month	Treasurer
Strategic Command Team	**Commencement of Contract**	**Term expiry date as at 31 March 2010**	**Notice period required**	**Main role**
Sir Ian Johnston	01/05/2001	01/09/2009	6 months	Chief Constable
Andrew Trotter	05/01/2004	31/08/2009	3 months	Deputy Chief Constable
Andrew Trotter	01/09/2009	31/08/2014	6 months	Chief Constable
Paul Crowther	01/07/2009	Permanent appointment	3 Months	Deputy Chief Constable
Paul Crowther	29/07/2008	Permanent appointment	3 months	ACC (Crime)
Miles Flood	15/03/1010	Temporary appointment	3 months	ACC (Crime)
Mark Smith	24/06/2009	14/03/2010	3 months	Acting ACC (Crime)
Sharon Burd	01/01/2008	Permanent Appointment	3 months	Director, Finance & Corporate Services
David McCall	08/03/2004	Permanent appointment	3 months	Assistant Chief Constable – Scotland
Linda Scott	16/01/2006	Permanent appointment	3 months	Director, HR
Alan Pacey	09/01/2006	Permanent appointment	3 months	ACC (Operations)
Steven Thomas	01/07/2007	Permanent Appointment	3 months	ACC London & Olympics

* Peter Haddock is on secondment from the Home Office. The cost of the secondment in 2009-10 is £59,936.

Remuneration of Members and Senior Officers

The policy on remuneration is determined by a number of factors, some of general consideration, and some that are specific to the transport/policing/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/local variations in labour markets and their effects on the recruitment and retention of staff.

Specific factors relate to policies and guidelines from the National Police Authorities, Police Negotiating Board and the Association of Chief Police Officers (ACPO), and these will 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.

Members of the BTPA receive non-pensionable salaries, and their expenses are reimbursed in relation to the time they spend on BTPA business, e.g. meeting attendance, travel, subsistence, etc. The Members' salary and allowances are set by the Secretary of State following consultation with the BTPA.

The salary of Members and Senior Officers (Audited)

	Salary Bands 2009-10	Value of 'non-cash' benefits 2009-10	Salary Bands 2008-09	Value of 'non-cash' benefits 2008-09
MEMBERS	**£000s**	**£**	**£000s**	**£**
Urmila Banerjee	30.00-35.00	n/a	5.00-10.00 (full year equivalent 30.00-35.00)	n/a
Sir David O'Dowd	25.00-30.00	n/a	25.00-30.00	n/a
Lew Adams	15.00-20.00	n/a	15.00-20.00	n/a
Colin Foxall	15.00-20.00	n/a	15.00-20.00	n/a
Ian Dobbs	15.00-20.00	n/a	0.00-5.00	n/a
Robin Gisby *	n/a	n/a	n/a	n/a
Michael Holden	15.00-20.00	n/a	15.00-20.00	n/a
James King	15.00-20.00	n/a	15.00-20.00	n/a
Christine Knights	15.00-20.00	n/a	15.00-20.00	n/a
Jeroen Weimar*	n/a	n/a	n/a	n/a
Suzanne May	15.00-20.00	n/a	15.00-20.00	n/a
Raymond O'Toole	5.00-10.00 (full year equivalent 15.00-20.00)	n/a	15.00-20.00	n/a
Ron Culley	15.00-20.00	n/a	15.00-20.00	n/a
Wendy Towers	15.00-20.00	n/a	15.00-20.00	n/a
Neil Scales	5.00-10.00 (full year equivalent 15.00-20.00)	n/a	n/a	n/a
Howard Collins	5.00-10.00 (full year equivalent 15.00-20.00)	n/a	n/a	n/a
** No salary taken*				
SENIOR OFFICERS				
Richard Hemmings	105.00-110.00	n/a	110.00-115.00	n/a
Paul Coen	n/a	n/a	n/a	n/a
Peter Haddock	n/a	n/a	n/a	n/a
Elizabeth Pike	90.00-95.00	3,500	35.00-40.00	3,500
STRATEGIC COMMAND TEAM				
Sir Ian Johnston	100.00-105.00	8,100	200.00-205.00	8,100
Andrew Trotter	185.00-190.00	9,600	155.00-160.00	9,500
Paul Crowther	130.00-135.00	11,200	100.00-105.00	10,200
Mark Smith	90.00-95.00	1,100	85.00-90-00	n/a
Miles Flood	95.00-100.00	2,500	90.00-95.00	1,400
Sharon Burd	130.00-135.00	3,100	120.00-125.00	3,100
David McCall	110.00-115.00	10,000	105.00-110.00	10,000
Linda Scott	125.00-130.00	2,800	115.00-120.00	2,800
Steven Thomas	135.00-140.00	6,000	110.00-115.00	9,600

Alan Pacey	115.00-120.00	4,586	115.00-120.00	3,500

Paul Coen's services were obtained through a contractor Gatenby Sanderson. The cost for 2009-10 was £137,265.

A member of the Strategic Command Team has a close relative who is a senior employee with Price Waterhouse Coopers (PWC). This represents a potential conflict of interest as BTPA purchased £259k of services from PWC in 2009-10.

Ian Dobbs was also employed as a consultant by BTPA and was paid £102,733 relating to the Judicial Review. These fees were paid to RC&M Services (UK) Ltd. In total £119,777 was paid to Ian Dobbs or RC&M Services during 2009-10.

Note: The estimated value of benefits in kind does not form part of "salaries" for disclosure purposes under resource accounting.

Salary

Salary includes gross salary, performance pay or bonuses, 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. The 2008-09 figures have been restated to reflect this.

The pay award for BTP senior officers is performance linked through the Performance and Development Review Programme.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument. The benefits in kind received are healthcare and the use of a vehicle.

Pensions

Pension benefits are provided 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 pensionable pay (less 1.5 times the basic State Pension) for each year of service. In addition, a lump sum equivalent to 1/40th of pensionable pay for each year of service is payable on retirement. Members pay contributions of 10.09 per cent of pensionable earnings (less 1.5 times the basic State Pension). Pensions payments are increased in line with the Retail Price Index.

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 benefit of 4 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(er) pensions.

Cash Equivalent Transfer Value (CETV)

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 pension benefits tables below show the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period

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.

The tables below provides pension details for Senior Officers of the BTPA and BTP.

Increase in Pensions in Year (Audited)

Real Increase in Pension 2009-10	**Accrued Pension (Bands)**	**Lump Sum at 60 (Bands)**
AUTHORITY OFFICERS	**£000s**	**£000s**
Richard Hemmings	Resigned 31-10-2009	Resigned 31-10-2009
Paul Coen	n/a	n/a
Peter Haddock	n/a	n/a
Elizabeth Pike	0.0-2.5	0.0-2.5
CHIEF OFFICERS GROUP		
Ian Johnston	Retired 01-09-2009	Retired 01-09-2009
Andrew Trotter	2.5-5.0	0.0-2.5
Paul Crowther	12.5-15.0	2.5-5.0
Mark Smith	2.5-5.0	2.5-5.0
Miles Flood	2.5-5.0	2.5-5.0
Sharon Burd	0.0-2.5	0.0-2.5
David McCall	2.5-5.0	0.0-2.5
Linda Scott	2.5-5.0	2.5-5.0
Steven Thomas	0.0-2.5	5.0-7.5
Alan Pacey	5.0-7.5	2.5-5.0

Pension values at 31st March 2010 (Audited) in bands of £5,000

Pension Value at 31-3-2010	**Accrued Pension**	**Lump Sum at 60**

	(Bands)	(Bands)
AUTHORITY OFFICERS	**£000s**	**£000s**
Richard Hemmings	Resigned 31-10-2009	Resigned 31-10-2009
Paul Coen	n/a	n/a
Peter Haddock	n/a	n/a
Elizabeth Pike	0.0-5.0	0.0-5.0
CHIEF OFFICERS GROUP		
Ian Johnston	Retired 01-09-2009	Retired 01-09-2009
Andrew Trotter	15.0-20.0	10.0-15.0
Paul Crowther	65.0-70.0	55.0-60.0
Mark Smith	45.0-50.0	55.0-60.0
Miles Flood	35.0-40.0	45.0-50.0
Sharon Burd	0.0-5.0	0.0-5.0
David McCall	10.0-15.0	10.0-15.0
Linda Scott	35.0-40.0	35.0-40.0
Steven Thomas	0.0-5.0	15.0-20.0
Alan Pacey	60.0-65.0	60.0-65.0

Cash Equivalent Transfer Values (CETV) (Audited)

	CETV		
	Value at	**Real Increase**	**Value at**
	01-04-2009	**2009-10**	**31-03-2010**
OFFICERS	**£000s**	**£000s**	**£000s**
Richard Hemmings	131	n/a	n/a
Peter Haddock	n/a	n/a	n/a
Elizabeth Pike	27	3	30
CHIEF OFFICERS GROUP			
Ian Johnston	291	n/a	n/a
Andrew Trotter	256	68	324
Sharon Burd	35	24	59
David McCall	219	61	280
Linda Scott	472	6	478
Steven Thomas	29	18	47
Paul Crowther	864	274	1138
Alan Pacey	1107	163	1270
Miles Flood	517	54	571
Mark Smith	647	67	714

Signature	**Signature**	**Signature**
Accounting Officer	**Chair BTPA**	**Chief Constable**

Date **Date** **Date**

Statement of Authority Members' Responsibilities

The BTPA shall have not less than eleven and not more than seventeen members all appointed by the Secretary of State. The Secretary of State currently appoints fifteen members. They are appointed with knowledge variously of the interests of those travelling by railway, those running railway services, of rail staff and of persons each in England, Scotland and Wales.

The BTPA has amongst others, the following responsibilities to:

- Maintain an efficient and effective policing of the railways;
- Consult with a wide range of stakeholders about policing the railway network;
- Undertake any direction given by the Secretary of State for Transport for policing the railways;
- Establish an annual policing plan plus a three year strategic plan; and
- Set a budget for BTP and for BTPA.

The Chairman, Vice-Chairman and members each have job descriptions outlining their respective roles and responsibilities within the BTPA.

All members are appointed by the Secretary of State for Transport.

The present members of the BTPA are as follows:

Urmila Banerjee CBE Chair

As well as being the Chair of the BTPA, Millie is a Non-Executive Board Member Office of Communications (Ofcom) and a Trustee of the Peabody Trust and of NHS Newham Primary Care Trust.

BTPA Member responsibility: Police Service Agreement Liaison
Strategy, Budget and Performance Monitoring (Chair)

Sir David O'Dowd CBE, OStJ, QPM, DL, DipSoc, BA, MSc, DSc (Hon), CCMI – Deputy Chair

Sir David also holds the following appointments – In a voluntary capacity Sir David is a Governor of the University of Northampton and member of the court of the University of Leicester. He is also a Deputy Lord Lieutenant for the County of Northamptonshire.

BTPA Member responsibility: Chairman of the Audit and Governance Committee
Strategy, Budget & Performance Monitoring Committee
North West Area
National Crime Recording Standard

Lew Adams OBE - Employee Matters

Lew is a member of the pension management committee of the British Transport Police Force Superannuation Fund, and a member of Friends of the National Railway Museum, York.

BTPA Member responsibility: Human Resources and Remuneration Committee
Stakeholder Relations and Communication Strategy Committee

London North Area
Route Crime
Health and Safety

Ian Dobbs – Knowledge of Industry

Until February 2009 Ian was Chief Executive of the Rail Division of Stagecoach Group PLC after a long career running railway companies in the UK and overseas. Ian was a Director of the Association of Train Operating Companies and also a Member of the National Task Force on Rail.

BTPA Member responsibility: Professional Standards Committee
Strategy, Budget and Performance Monitoring Committee
London South Area
Staff Assaults

Colin Foxall CBE – Knowledge of Passenger Interests and Wales

Colin holds the following appointments – Chairman of Passenger Focus (formerly the Rail Passenger Council), a Secretary of State appointment, and is part time employee of AonBenfield.

BTPA Member responsibility: Audit and Corporate Governance Committee
Professional Standards
Wales and Western Area
Theft of Passenger Property
Finance

Robin Gisby - Knowledge of Industry

Robin is an employee of Network Rail and is a Director, Operations and Customer Services for Network Rail.

BTPA Member responsibility: Strategy, Budget and Performance Monitoring Committee
Olympic Committee
London South Area
Fatality Management
Property

Michael Holden - Knowledge of Industry

Michael is a Director of Coledale Consulting Limited, an Associate of First Class Partnerships and holds non-remunerated directorships in Railway Children Trading Ltd; Railway Children Ball Limited and Railway Children Limited – all charitable organisations. He is a Director of Directly Operated Railways Ltd and East Coast Main Line Company Ltd. He is a Trustee of Pinewood Gymnastics Club, a registered charity.

BTPA Member responsibility: Strategy, Budget and Performance Monitoring Committee
Audit and Corporate Governance Committee
London South Area
Robbery
Efficiency Programme

James King – Knowledge of Passenger Interests and Scotland

James is an employee and director of Marketing Principals International Limited. James is also a member of both Passenger Focus and the Public Transport Users' Committee for Scotland.

BTPA member responsibility:	Stakeholder Relations and Communication Strategy Committee (Chair) Strategy, Budget and Performance Monitoring Committee Scotland Area Neighbourhood Policing Anti-Social Behaviour Diversity (External) Consultation / Communication Stop & Search Police Plan Working Group Critical Incidents Scottish Interests

Christine Knights – Knowledge of Passenger Interests

Christine is a Member of the Passenger Focus and is a member of the Board of Governors of the Westminster Foundation for Democracy.

BTPA Member responsibility:	Human Resources and Remuneration Committee (Chair) Strategy, Budget and Performance Monitoring Committee North East Area Violent Crime Diversity (Internal Employment and Gender) HR Strategy

Jeroen Weimar – Knowledge of Industry

Jeroen was an employee of Transport for London until March 2010. Since than he has been an employee of Serco Group PLC.

BTPA Member responsibility:	Strategy, Budget and Performance Monitoring Committee Audit and Corporate Governance Committee Wales and Western Area Efficiency Programme

Suzanne May OBE – Knowledge of Passenger Interests

Company Secretary, Mayday Management Services Ltd

BTPA Member responsibility:	Chairman Olympic Steering Group Audit and Corporate Governance Committee Stakeholder Relations and Communication Strategy Committee London Underground Area Neighbourhood Policing Graffiti Member Development Independent Custody Visiting

Ray O'Toole– Knowledge of Industry

Ray is Chief Executive, National Express Co Limited

BTPA Member responsibility: Strategy, Budget and Performance Monitoring Committee
Stakeholder Relations and Communication Strategy Committee
FHQ Area
Police Service Agreement Liaison
Football

Wendy Towers – Passenger interests

Wendy is a Board member of the Security Industry Authority.

BTPA Member responsibility: Professional Standards Committee (Chair)
Human Resources and Remuneration Committee
FHQ Area
Hate Crime
Diversity (Internal)

Ronald Culley – Knowledge of Industry

Ron Culley is Chief Executive of Strathclyde Partnership for Transport and is Director General of Strathclyde Passenger Transport Authority. He is also a Board Member of the Wise Group and is Chairman of the Human Resources Committee . In a voluntary capacity he is an Honorary Member of Harmony Row Youth Club.

BTPA Member responsibility: Human Resources and Remuneration Committee
Professional Standards Committee
NW England Area
Counter-terrorism

Neil Scales OBE – Knowledge of Industry

Neil is Chief Executive and Director General Mersey travel. He holds a wide portfolio of directorships: Merseyside Passenger Transport Services Ltd; Mersey Ferries Ltd; Merseytravel Ltd; Merseytravel Commercial Services Ltd; Merseytravel Facilities Management Ltd; Merseyside Rapid Transit Ltd; Neil Scales (Consulting) Ltd; Integrated Transport Smart Card Organisation Ltd; The Mersey Partnership; Global Smart Media Ltd; Global Smart Media (IPR) Ltd; Live Smart Ltd; Accrington Technologies Ltd; Liverpool South Parkway Ltd; UKTram Ltd; PTEG Ltd; Merseytram 2005 Ltd; Integrated Transport Smart Card Organisation Services Ltd; tie Ltd; Real Time Information Group; U534 Ltd; Spaceport Ltd; The Beatles Story Ltd; ACT-Travelwise.

BTPA Member responsibility:As at 31 March 2010 not allocated

Howard Collins – Knowledge of Industry

Howard is Chief Operating Officer for London Underground.

BTPA Member responsibility:As at 31 March 2010 not allocated

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Railways and Transport Safety Act (2003) the Secretary of State for Transport has directed the BTPA 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 BTPA and of its income and expenditure, recognised gains and losses and cash flows 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 Accounts Direction issued by the DfT 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;
- Prepare the financial statements on a going concern basis.

The Accounting Officer of DfT has designated the Chief Executive as the Principal Accounting Officer of the BTPA from 11 April 2010. Prior to that date the Chief Constable was the Accounting Officer. 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 BTPA's assets, are set out in the HM Treasury publication Managing Public Money.

STATEMENT ON INTERNAL CONTROL

SCOPE OF RESPONSIBILITY

As Accounting Officer for the British Transport Police Fund I have responsibility for maintaining a sound system of internal control that supports the achievement of the BTPA 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.

In September 2009 the Accounting Officer role transferred from retiring the Chief Constable to the new Chief Constable. A full handover was undertaken and there was no impact on the system of internal control. On 11 April the new Chief Executive of the BTPA was designated as the Principal Accounting Officer.

The Chair and Chief Executive of the BTPA meet with the ministerial team at the DfT on a regular basis to discuss relevant issues of policy and strategy. The Chief Constable also meets with the Secretary of State and his team on a regular basis.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the BTPA and BTP policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. During the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, the system of internal control has been developed and improved whenever necessary and accords with Treasury guidance.

Capacity to handle risk

The BTPA and all BTP's Chief Officers and senior managers recognise that the responsibility for risk management should be driven from the top.

A Corporate Governance and Risk Management process is in operation for BTP and the BTPA with the endorsement and supervision of the BTPA's Audit and Corporate Governance (A&CG) Committee. The full BTPA currently reviews the Strategic Risk Register on an annual basis but in future will do so quarterly.

BTP has a Corporate Risk Team, headed by a professional risk manager and supported by a Risk Management Coordinator. In addition, each Chief Officer and Area Commander has a Risk Representative to act as the single point of contact in their portfolio or Area and to manage the risk management process including the maintenance of Area or Departmental risk registers. During 2009-10, the role of risk champion was introduced and each Chief Officer and Area Commander is required to have a Risk Champion who is a member of the senior management team (SMT) and who is charged with the responsibility for ensuring that risk management is given due consideration and that acceptable progress is made in managing risks. Whilst the majority of Areas and Portfolios have identified risk champions, these roles have been and continue to be developing.

A training programme for risk representatives has been delivered to enable them to carry out their function effectively, with seminars held to promulgate best practice and introduce process improvements. One-to-one training and support for risk representatives has been provided through the year. Training for risk champions and senior management is under development for delivery in 2010 -11 in order to continue to embed risk management into everyday business.

Business risks are managed through a corporate assurance structure which allows escalation or transfer of risks to the appropriate area, portfolio, corporate or strategic risk register in accordance with a consistent methodology.

Specialist areas such as health and safety, information management, technology and project management have dedicated Boards which include provision for risk reporting. PSD undertake reviews of internal compliance and conduct and any weaknesses identified are highlighted and appropriate action taken.

Good practice and areas for improvement in risk management is promulgated through the Corporate Assurance Group (CAG) and Risk Committee (RC) programme, through risk champions and risk representatives, and through the SMT of the BTPA. Lessons learned from internal control and conduct matters, are reported to BTP's Strategic Command Team (SCT) meetings and published on its Intranet.

Changes in Risk Environment:
Significant changes in the risk environment during 2009-10 included the impact of the economic recession, complications resulting from the Judicial Review's findings in relation to the 2007 PSA Charging Model, and the declaration of a Pandemic Flu by the World Health Organisation.

Economic Recession
In response to the economic recession, BTP identified a number of thematic risks including the failure of critical suppliers or major PSA customers, such as the train operating companies (TOCs) and strategies for their management including the monitoring of economic performance of suppliers and the agreement of the DfT to make good any shortfall in funding as a result of the failure of a core PSA holder.

PSA Charging Mechanism
Although the decision of the Judicial Review was made in the 2008-09 accounting period, the impact of the decision has occurred during 2009-10. A thorough review and reconciliation of all charges made to PSA holders from 1999-2000 to 2009-10 was undertaken during the year, resulting in the identification of some incorrect charges in the seven year period to 2006/07. Adjustments relating to the impact of the Judicial review decision on old style PSA holders has led to additional charges / credits being levied on core PSA holders as a result of using the adjusted fixed proportions from 1999/2000. These charges have previously been levied using a new allocation model. These have all been corrected and revised invoices and/or credit notes have been issued following an independent verification of the process by our internal auditors. Agreement has been reached with the DfT to underwrite any irrecoverable gap between the revised charges and the original charges which arose through this verification work. The verification work and financial consequences were monitored by bi-weekly meetings. An improved governance process has been put in place to ensure adequate oversight and approval for all stages of the charging process.

Flu
In response to Pandemic Flu, BTP reviewed and updated its business continuity plans with regular meetings lead by a SCT member held to review the impact of the pandemic causing increased levels of staff absences through the year. This led to a significant increase in resilience to cope with staff shortages across BTP.

THE RISK AND CONTROL FRAMEWORK
The BTPA Governance Statement sets out the responsibilities of the BTPA to hold BTP to account in relation to its risk management arrangements, review of the efficacy of risk

management strategies and the requirement to have procedures in place to address any weaknesses.

BTP has an approved risk management policy and Standard Operating Procedures (SOP). The documents establish the approach to risk management within BTP and explain the roles and responsibilities of the Chief Constable, Chief Officers and other relevant parties. Internal audit has recently reviewed the risk process and given it a good assurance. The BTPA has introduced BTP's SOP to establish a consistent approach to risk management.

The Strategic Plan and Policing Plan detail the objectives BTP is required to achieve and the risk management SOP describes the framework by which risks to the achievement of these objectives should be managed. It includes processes for monitoring and reporting risk as well as escalation procedures. Review periods are determined appropriate to the level and status of the individual risks.

During 2009-10, it was agreed that the SRR would be a joint document detailing both BTP's and the BTPA's Strategic Risks. In addition the BTPA has also established its own operational risk register for its significant day to day risks.

The BTPA monitors the effectiveness of risk management by BTP through meetings of the A&CG Committee. This Committee meets quarterly and provides a forum for the review of internal and external audits in addition to the arrangements for risk management. In addition, the full BTPA is required to review risk management arrangements at least annually.

Risk management remains a standing agenda item for a number of key BTPA and BTP meetings, including:

- The quarterly A&CG Committee which monitors BTP's system of internal control and arrangements for risk management;
- A quarterly BTP SCT meeting, chaired by the Chief Constable, ensures that the Chief Officers, as the sponsors of risks, have accountability for their mitigation and are responsible for identifying and approving new and closed strategic risks;
- The quarterly RC chaired by the Director of Finance and Corporate Services is charged with ensuring that the management of risk across BTP is consistent with the risk management policy and that force level risks are being managed appropriately, it also provides a level of assurance about the adequacy of internal control within BTP particularly with regard to Business Continuity, Information Security and Internal Audit;
- The monthly CAG, chaired by the Head of Risk Management, scrutinises the content of Area and Portfolio Risk Registers to provide a level of assurance on the adequacy of internal control and the progress against Business Continuity and Information Security Management;
- Monthly Area and portfolio meetings provide a platform for the identification of new risks and for reviewing existing operational risks; and
- Specific boards review risks pertaining to health and safety, technology, information management and BTP forcewide level projects.

Health and Safety risks are reviewed by the Central Health and Safety Committee which meets quarterly and has representation from all BTP Areas and Portfolios. Force level programmes and projects are managed and governed by the BTP's project management methodology, which utilises the approved Office of Government Commerce (OGC) frameworks such as Prince 2 and Managing Successful Programmes (MSP). OGC style reviews are also performed during the project lifecycle to deliver an independent review from outside the programme/project to determine the likelihood of successful delivery relative to the approved business case. The governance arrangements for programmes and projects were reviewed by the Risk Committee

in July 2009. Internal Audit gave the process a good assurance. Information Management risks are reviewed by BTP's IMPACT Project Board.

BTP is working towards compliance to the Government's Security Policy Framework (SPF). The SPF replaces the Manual of Protective Security and the Counter-Terrorist Protective Security Manual. The SPF is based on the principles of risk management; however, within this context the framework outlines a number of mandatory minimum requirements which all Government Departments, Agencies and where necessary any organisations working on behalf of, or handling Government assets, such as NDPBs. The mechanism to monitor and verify adherence with the framework, in particular the minimum requirements, is critical to success in providing robust assurance across the protective security spectrum. The assurance mechanism is based on a combination of self assessment, central reporting and review. Our self assessment has identified that we are fully compliant with 51 of the 70 mandatory requirements, and that the lack of full compliance is being managed appropriately with an action plan in place to address the remaining issues within the next year.

There has recently been a security issue in relation to the release of personal data which is currently being investigated by BTP's PSD. However, BTP remains confident that this release did not occur as a result of the compliance gaps described above.

Together these forums form a comprehensive reporting structure within which BTPA's and BTP's risks are identified and mitigating actions and controls progressed. Risk appetites are determined by the ability of the individual area or portfolio to manage that risk successfully without recourse to other parts of the business, and an escalation process is in place for risks falling outside those limits.

REVIEW OF EFFECTIVENESS AND AREAS FOR DEVELOPMENT

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors (Tribal) and by BTP Chief Officers, who have responsibility for the development and maintenance of the internal control framework, and for addressing comments made by the external auditors in their management letter and other reports. The agreed Audit Programme is, in part, determined on a risk assessment basis and is formally agreed by the A&CG. In addition, assurance has been sought from all areas of BTP with responsibility for aspects of Internal Control through the completion of the DfT Management Assurance Framework.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The National Audit Office (NAO) final completion report for 2008-09 noted a number of audit and accounting issues in the financial statements. These were; income recognition in light of the Judicial Review, the treatment of London Underground (LU) Accounts and whether LU Ltd should be subject to the new model for charging as other PSA holders, and Capital Grant Funding. Management responses to these concerns were provided and work is underway to progress them. These matters have been revisited as part of the 2009-10 NAO work.

BTPA engaged new internal auditors from April 2009, Tribal, with a specific brief to take a risk based approach to auditing. An annual plan was agreed by BTP and BTPA and the planned work for 2009/10 has been carried out. All areas of weakness identified are addressed through management action plans.

Within the last 12 months a number of changes to the internal control structure have been made including:

- Adoption of BTP's approach to risk management by the BTPA including the addition of BTPA risks to the SRR;
- The revision of the terms of reference for CAG has enabled detailed scrutiny of Area and Portfolio risks resulting in the ability to provide a higher level of assurance and the sharing of best practice. As at 1 April 2010, eight of the eleven registers have been scrutinised and whilst a number of weaknesses and areas of non-compliance have been identified, progress is being made to resolve these;
- The revised CAG links risk management considerations to the findings of Information Security Audits and Business Continuity arrangements;
- The creation of a Corporate Risk Register to capture those risks, which, while not threatening the achievement of Strategic Objectives nevertheless impact across divisional boundaries within BTP;
- Update of guidance material on risk management;
- Updated risk management policy and SOP;
- Creation of the role of risk champion;
- The adoption of a Health and Safety inspection regime which visits all locations between once and three times a year dependent on the size of location and numbers of people who work there, together with consideration of the findings of previous audits;
- A number of steps towards alignment with the British Business Continuity Standard BS25999 including the production of Incident Response Plans to deal with large scale Premises and Process (including Technology) failures;
- In line with the new ACPO Information Systems Community Security Policy, protective monitoring software (Vigilance Pro) is being introduced to ensure that electronic information usage can be monitored automatically. This system will also enforce compliance with existing procedures, including the use of protective marking, and the use of only BTP-issued encrypted memory sticks;
  and
- A major review of governance arrangements by the BTPA, which is ongoing and will be reviewed by internal audit in 2010-11.

Whilst significant progress has been made, further work is needed to ensure risk management is embedded throughout the organisation. Work to enhance involvement of the SCT and SMTs are planned, along with efforts to ensure greater cohesion in risk management within BTP and the BTPA.

In addition to the progress made to date there are plans for further improvements to risk management and risk reporting:

- Delivery of a risk management briefing package for Area Commanders and Departmental Heads which will be delivered to Area Management Team and SMT meetings, as well as to the BTPA, to improve risk based decision making
- Reviewing and improving escalation processes and auditing of risk registers
- Delivery of a partnership risk management toolkit to inform the development of risk management best practice when working in partnership with another body
- Analysis of the organisation's risk maturity based on national public sector models to inform areas for future improvement
- A risk reporting tool available to all staff with access to BTP's Intranet
- Review interconnected departmental involvement, communication and processes in risk management and make improvements where possible
- Working with others to prevent a risk-averse attitude undermining achievement of corporate objectives

- Participating in benchmarking with other police forces and organisations and utilising best practice to further improve BTP's risk maturity
- A model for self assessment of Risk Management Maturity for Areas and Portfolios has also been developed and will be deployed during 2010-11
- A complete review of schemes of delegation between the Principal Accounting Officer and Additional Accounting Officer following the changes in Accounting Officer arrangements.

BTP continues to collaborate with other police forces at national and regional levels to identify, develop and promote best practice in respect of all issues pertaining to risk management in the wider police service, in particular issues that would benefit from the deployment of a national approach and to foster and encourage partnership working in respect of the development of risk management processes, procedures and procurement of services.

Work is ongoing to ensure BTP considers the risk management arrangements of its partners, to be satisfied that these are adequate and that they do not jeopardise the achievement of the Strategic Plan.

BTP has a Major Incident Manual which acts as the basis for the Forcewide Emergency Plan. A major review of this plan will be undertaken ahead of the 2012 Olympic Games as part of a wider business continuity management programme for 2010-11 to ensure fitness for purpose.

The BTPA's A&CG Committee monitors the effectiveness of risk management and whether reliance can be placed upon BTP's internal control systems.

SIGNIFICANT INTERNAL CONTROL ISSUES

Internal Control issues identified by the NAO during their audit for 2008-09 included the Calculation of Charges to PSA Holders leading to material errors in the amounts charged to PSA Holders, and Payroll. A significant of time was spent on the issues arising out of the judicial review. This has resulted in the governance arrangements around core PSA charges being overhauled and a new governance document for PSA charges was approved at the December 2009 A&CG meeting. All major core PSA holders were met with during 2009-10 to explain the implications of the Judicial Review decision. Twice weekly internal meetings were held during the year to review all issues related to the Judicial Review, invoices and debt recovery. In 2010/11 these meetings will be held weekly as many of the debt recovery issues are now resolved.

With regard to the issues identified regarding payroll; evidence for allowances for employees, corrective action has been taken including additional testing carried out by our internal auditors. A work programme has been put in place to resolve the issues and is being implemented.

Signature	**Signature**	**Signature**
Accounting Officer	**Chair BTPA**	**Chief Constable**
Date	**Date**	**Date**

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS