Annual Report and Accounts 2010-11

Management commentary and content

Draft version 10

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1. Introduction

British Transport Police Authority
Annual Report and Accounts 2010-2011

The British Transport Police Authority is an executive non-departmental public body of the Department for Transport, 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.

The audited financial statements in this report are for the year ended 31 March 2011. They have been prepared in accordance with the 2010-11 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.

These accounts meet the requirements of the Railways and Transport Safety Act 2003. The Income Statement 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 Statement of Cash Flows are shown on Pages 32 and 33 respectively.

Ordered by the House of Commons to be printed xx xxxx 2011.

2. Structure of the Police Authority

Urmila Banerjee CBE

Chairman

BTPA responsibilities:

- Police Authority: Chairman
- Strategy group: Chairman
- Portfolio allocation: Chief Constable

Appointments outside BTPA:

- NHS Newham primary care Trust: Non-executive Director;
- Ofcom: Non-executive Board member;
- Peabody Trust: Trustee
- Postcomm: Chairman

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

Deputy Chairman

BTPA responsibilities:

- Police Authority: Deputy Chairman
- Audit committee: Chairman
- Policing plan group: Chairman
- Strategy group
- Portfolio allocation: Deputy Chief Constable

Appointments outside BTPA:

- University of Leicester: member of the court
- Deputy Lord Lieutenant for the County of Northamptonshire.

Lew Adams OBE

Member with knowledge and experience of rail employee interests

BTPA responsibilities:

- Police Authority
- Professional standards committee
- Policing plan group
- Portfolio allocations: HR Director and London North area

Appointments outside BTPA:

- British Transport Police Force Superannuation Fund: pension management committee member;
- Friends of the National Railway Museum, York: member
- Transport Benevolent Fund: patron

Howard Collins

Member with knowledge and experience of providing railway services

BTPA responsibilities:

- Police Authority
- Professional standards committee
- Performance review group: Chairman
- Portfolio allocations: London South area

Appointments outside BTPA:

- London Underground: Chief Operating Officer
- London Transport Museum: Trustee
- Transport for London Pension Fund: Trustee Director

Ian Dobbs

Member with knowledge and experience of providing railway services

BTPA responsibilities:

- Police Authority
- Professional standards committee
- Strategy group
- Finance group: Chairman
- Portfolio allocations: ACC (Protective Services)

Appointments outside BTPA:

- Rail Value for Money study, Department for Transport / Office of Rail Regulation jointly-sponsored project: Deputy Chairman
- RC&M Services (UK) Ltd: Director

Colin Foxall CBE

Member with knowledge and experience of passenger interests in Wales

BTPA responsibilities:

- Police Authority
- Audit committee
- Portfolio allocations: Wales & Western area

Appointments outside BTPA:

- Passenger Focus: Chairman

Elizabeth France CBE

Member with knowledge and experience of passenger interests
Appointed 1 July 2010

BTPA responsibilities:

- Police Authority
- Professional standards committee
- Performance review group
- Policing plan group

Portfolio allocations: North West area

Appointments outside BTPA:

- Office for legal complaints: Chairman
- Aberystwyth University: Vice-President
- Manchester University general assembly: member
- UK Public Affairs Council: Chair

Robin Gisby

Member with knowledge and experience of providing railway services

BTPA responsibilities:

- Police Authority
- Strategy group
- Policing plan group

Portfolio allocations: ACC (Operations)

Appointments outside BTPA:

- Network Rail: Director, Operations and Customer Services

Michael Holden

Member with knowledge and experience of providing railway services

BTPA responsibilities:

- Police Authority
- Audit committee
- Performance review group
- Policing plan group

Portfolio allocations: Director of Finance & Corporate Services

Appointments outside BTPA:

- Coledale Consulting Limited: Director
- Directly Operated Railways: Director
- East Coast Main Line Company Ltd: Director
- First Class Partnerships: Associate
- Railway Children: Director (non-remunerated)
- Pinewood Gymnastics Club: Trustee
- Railway Children Trading Ltd: Director (non-remunerated)
- Railway Children Ball Ltd: Director (non-remunerated)

James King

Member with knowledge and experience of passenger interests in Scotland

BTPA responsibilities:

- Police Authority
- Audit committee
- Performance review group
- Policing plan group

Portfolio allocations:Scotland area and ACC (Scotland)

Appointments outside BTPA:

- Marketing Principals International: Director
- Passenger Focus: member for Scotland (to July 2010)
- Public Transport Users' Committee: member for Scotland
- Fellow of the Chartered Institute of Logistics and Transport

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Neil Scales OBE

Member with knowledge and experience of providing railway services

BTPA responsibilities:

- Police Authority
- Professional standards committee
- Strategy group
- Portfolio allocations: North East area

Appointments outside BTPA:

- Merseytravel: Chief Executive and Director General

Wendy Towers

Member with knowledge and experience of passenger interests in England

BTPA responsibilities:

- Police Authority
- Professional Standards committee: Chairman
- Finance group
- Portfolio allocations: London Underground & DLR area

Appointments outside BTPA:

- Security Industry Authority: Board member

Jeroen Weimar

Member with knowledge and experience of providing railway services

BTPA responsibilities:

- Police Authority
- Audit committee
- Strategy group
- Finance group
- Portfolio allocations: ACC (Territorial Policing)

Appointments outside BTPA:

- Serco UK: Managing Director, Transport
- Northern Rail: non-executive Director
- Merseyrail Electrics: non-executive Director
- Association of Train Operating Companies: Board member

Christine Knights

Member with knowledge and experience of passenger interests
Term expired 30 June 2010

BTPA responsibilities:

- Police Authority
- Audit committee
- Strategy group
- Portfolio allocations: North East area

Appointments outside BTPA:

- Passenger Focus: Board member
- Westminster Foundation for Democracy: Board member

Suzanne May OBE

Member with knowledge and experience of passenger interests
Term expired 30 June 2010

BTPA responsibilities:

- Police Authority
- Audit committee
- Portfolio allocations: London Underground

Appointments outside BTPA:

- Mayday Management Services: Company Secretary

Executive Team

The British Transport Police Authority has an Executive team of nine led by Andrew Figgures, Chief Executive, who is the principal advisor to the Authority and leads and directs the Authority staff to ensure the Authority achieves its objectives.

Elizabeth Pike serves on the team as Authority Finance Director, who 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 Finance and Corporate Services 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.

3. BTPA's year in review

Performance

Policing plan 2010/11 national targets

TARGET	2010-11	2009-10
1. Reduce overall notifiable crime from the 2009/10 level	**- 3%**	**- 7.3%**
2. Respond to at least 80% of immediate incidents within 20 minutes	**91%**	**n/a**
3. Increase the number of detections for staff assault offences from the 2009/10 level	**- 0.4%**	**n/a**
4. Reduce the number of serious violence against the person, sexual and robbery offences from the 2009/10 level	**- 4%**	**n/a**
5. Increase the number of offenders detected for anti-social behaviour offences committed between 8pm and 2am by at least 20%	**27%**	**n/a**
6. Increase the number of offenders detected for football related disorder offences by at least 25%	**40%**	**49%**
7. Increase the proportion of offences brought to justice for serious violence against the person, sexual and robbery offences to at least 40%	**31%**	**n/a**
8. Reduce the number of live cable related offences from the 2009/10 level	**64%**	**- 26%**
9. Increase safety at 36 high risk level crossings in partnership with Network Rail	**Achieved**	**n/a**
10. All non-suspicious fatalities to be cleared within an average of 90 minutes	**81 minutes**	**81 minutes**
11. Overall victim satisfaction rate to be at least 80%	**86%**	**87%**
12. Improve the representation level of female police officers. Maintain the representation level of BME police officers	**6.9%**	**6.6%**
13. Sickness absence to be less than an average of 7.7 days per employee	**7.68 days**	**7.73 days**

Comparisons have been given where the national targets reported for both 2009-10 and 2010-11.

Cable theft

One of the greatest challenges facing BTP today is cable theft. Copper prices have increased dramatically in recent years and, in parallel, incidents of cable theft have soared. Very often, the stolen cable is sold on as scrap. Live offences on the railway increased 40 percent in 2010-11, causing significant

disruption to the network. So long as copper prices continue to rise, cable theft will continue to be a major challenge for BTP and the rail industry.

Disruption target
Through our stakeholder consultation activity in 2010-11 'reducing disruption' has emerged as a new priority for our industry partners and as a result has become a priority theme in both our 2011-14 Strategic Plan and 2011-12 Policing Plan. The Force and Authority have committed to work with partners over the next three years to identify opportunities for reducing disruption on the rail network in which BTP can play a meaningful role. In 2011-12 BTP will be working to reduce the overall number of offences and incidents that can lead to disruption including trespass, cable theft and criminal damage. During 2011 the Force will also be completing a pilot in its London South Area to identify ways in which BTP can respond more efficiently and make a contribution to reducing overall disruption arising from on-train incidents.

Activities

Consultations
In the course of its business in 2010-11, BTPA consulted a wide range of stakeholders, including Network Rail, Transport for London, Passenger Focus, the Train and Freight Operating Companies with which it holds a Police Service Agreement (as indicated in the management commentary on page xx) and the Association of Train Operating Companies. These consultations were conducted both in writing and in person.

In addition, BTPA held the following events to consult its stakeholders on particular issues:

- **Policing plan workshop**, 28 September 2010
- **Reducing disruption workshop**, 14 February 2011

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 both BTP and BTPA with any recommendations. Visits have been made over the past year to BTP facilities in London and Manchester.

Staff changes

A number of senior staffing changes were made at British Transport Police and its Police Authority in 2010-11:

BTPA Members
On 1 July 2010, Transport Minister Theresa Villiers announced the appointment of Elizabeth France CBE. Three current members – Lew Adams OBE, Robin Gisby and Jeroen Weimar - were also reappointed to the Police Authority.

Two longstanding Police Authority members, Christine Knights and Suzanne May OBE, came to the end of their terms on 30 June 2010. Both had served as members with knowledge of passenger interests since BTPA was established in 2004.

BTPA Executive
Andrew Figgures CB CBE was appointed Chief Executive of the Police Authority in April 2010, following a distinguished career with the Ministry of Defence that included service in Bosnia-Herzegovina and Iraq.

In a change of responsibilities, Andrew took over the responsibilities of Principal Accounting Officer to BTPA from the Chief Constable, who was made Additional Accounting Officer.

BTP senior officers
In June 2010, BTPA appointed Paul Beasley as a new Assistant Chief Constable for BTP. He joined BTP from Her Majesty's Inspectorate of Constabulary and filled the vacancy created when Paul Crowther was appointed BTP's Deputy Chief Constable last year.

Linda Scott, HR Director, left BTP in March 2011.

Budget reduction

In December 2010, BTPA set the police force's 2011/12 budget at 2.5% less than the previous year in actual terms.

The intention is to maintain this budget for the following year, 2012/13, when the police force will have a significant operational role during the Olympic Games.

4. Chief Executive's Report

Accounting Officer role

I became the Principal Accounting Officer for BTPA on 12 April 2010. This was a change, since the role of Accounting Officer had been discharged by the Chief Constable from the foundation of BTPA in 2004.

The original arrangement was suitable whilst the Police Authority established itself, but circumstances have since changed. The Accounting Officer is responsible for overseeing BTPA's responsibilities, which include developing a strategy, setting a budget, applying a charging model, recovering costs from the rail industry and monitoring British Transport Police's operational activities. It was increasingly seen as inappropriate for the Chief Constable to fulfil this role – in effect, being accountable for the work of his own governance body.

The Department for Transport therefore appointed me Principal Accounting Officer with effect from 12 April 2010, on the understanding that I appoint the Chief Constable as an additional Accounting Officer. These new arrangements have had no effect on the Chief Constable's policing responsibilities.

Employees and employee matters

Engaging Police Staff
In July 2010 BTP concluded *Engaging Police Staff* ("EPS"), a project to ensure equality between similar job roles across the force.

The first stage of the project was to review the roles and responsibilities of police staff at BTP and to grade them according a new remuneration scale. Staff were then offered new contracts, the content of which was produced in consultation with the Transport Salaried Staffs' Association, with an initial deadline of 2 July to accept. Take-up was entirely voluntary. By year end, 89% of police staff had switched to the new contract.

At BTPA, following a reorganisation of the Executive team, all staff adopted EPS contracts in October 2010.

Engagement with employees

The following staff associations operate in BTP:

- British Transport Police Federation
- Superintendents Association
- Transport Salaried Staff Association (TSSA)

The following support groups operate in BTP:

- Association of Muslim Police
- Christian Police Association
- Disability Equality Support Association (DESA)
- LINK, the Lesbian, Gay, Bisexual and Transgender Support Network.
- Support Association for Minority Ethnic staff (SAME)
- Women's Support Forum

Employees also have access to the National Jewish Police Association.

Union recognition
BTP signed a voluntary agreement of recognition with the TSSA in September 2010, meaning all police staff can be represented by the union. The collective bargaining agreement means that TSSA will be able to recruit amongst BTP staff to represent their interests in negotiations and consultations.

Staffing Plans
BTP's staffing plans for 2011-12 have been developed around six key areas:

- **Greater efficiency:** by increasing HR advisors knowledge and reducing time taken to answer queries, we will embed the new HR Business Centre and Business Support;
- **Learning and Development training** following the successful launch of the new Learning & Development Training Centre;
- **Improve officer recruitment and assessment** by reducing trainee drop out rate and increasing the job effectiveness of new recruits;
- **Deliver the new staff pay and grading structure** with a voluntary compliance rate of at least 90%;
- **Identify all roles within BTP** by completing the Establishment Project; and
- **Increase BTP's leadership capability** through the Leadership Development Programme.

Sickness
A high level of attendance from officers and staff is essential to BTP's service. The 2010-11 Policing Plan set a target of less than 7.7 days of sickness absence per employee. The results were as follows:

	2010/11	**2009/10**
Police officers	7.9	7.6
Police staff	7.0	7.4
Community Support Officers	8.7	10.3
Overall	7.7	7.7

The tightening and development of sickness management processes and policies continued through 2010-11. The slight increase in police officer absence was linked to a spike in December, at a time of unusually harsh winter weather. Community Support Officer absence overall has decreased in

line with heightened scrutiny of absence reasons and improved management of long-term absence cases.

A fresh approach to doing business

Business cycle
2010-11 was the first full year of BTPA's new business cycle, established to ensure the Police Authority maintains focus on key work streams in a timely and efficient way.

The Authority now meets eight times a year. There are four Authority meetings where there is both a fixed agenda and specific annual decisions and approvals are required.

Standard decisions to be made through the year include:

- **September:** Approve a rolling three year strategy
- **December:** Approve a policing plan and a budget
- **May:** Final review of BTP and Authority performance, sign off of annual report

Communications strategy
The reporting period was the first full year of BTPA's communications strategy, designed to better engage the Police Authority's stakeholders. These were grouped into six broad groups:

- Police Service Agreement holders;
- Rail passengers, national and regional passenger representative groups;
- Police and rail staff, and their representatives;
- 'Rail UK' (e.g. Department for Transport, Office for Rail Regulation and the Rail Accident Investigation Branch);
- 'Policing UK' (e.g. ACPO, APA, HMIC);
- Governments in Westminster, Scotland and Wales;

These stakeholders were consulted during preparations for the 2011-14 Strategic Plan and the 2011-12 Policing Plan, which were both published during the reporting period. Rail company representatives were additionally invited to participate in a stakeholder workshop in September 2010, in which they had the opportunity to discuss issues relating to policing for their services.

HMIC inspection, value for money

In 2010-11 the Police Authority commissioned two pieces of work to establish a set of benchmarking data and obtain an initial assessment of BTP's performance compared with all Home Office forces. The first of these, the

HMIC report card inspection of the BTP reviewed BTP's operational performance in four domains including local policing and value for money.

The second, the CIPFA Police Objective Analysis (POA) sought to benchmark BTP's performance in terms of overall levels of resource deployment and relative spend against a range of operational and organisational activities. Both exercises established that overall BTP is performing well and has improved significantly in the period since 2005-6; in addition to recommending that BTP's protocol for managing disruption be shared externally as good practice, these exercises have also helped us to identify areas for improvement which have in turn informed the objectives within the 2011-14 strategic plan and the 2011-12 policing plan.

2011-14 Strategic plan

This reporting period also saw the production of BTP's new strategy, covering the three years to 2014. The strategy has been defined around four key objectives:

1. Helping to keep rail transport systems running
2. Helping to make rail transport systems safer
3. Providing value for money through continuous improvement
4. Promoting confidence in the use of rail transport systems

As part of plans to deliver the first objective, BTP launched a pilot scheme in its London south area to explore ways of reducing the police impact on rail services. BTPA's intention is to review all its objectives every year to 2014, so that its approach remains consistent. Further information on this pilot scheme can be found in section three, the year in review.

5. Finance Director's report

Pension arrangements

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 and 27 to the accounts). The accounting policy for pensions is disclosed in Note 1.21 to the Accounts.

Going concern

The opening financial position as at 1 April 2010 shows net pension liabilities of £469.0m. This is owing to full implementation of International Accounting Standard 19 Employee Benefits (previously Financial Reporting Standard 17), requiring the costs and benefits of pension schemes relevant to the BTPA to be reflected in the statement of accounts.

The net liability of the scheme on 31 March 2011 was £203.3m, a decrease of £265.7m in the year. This decrease is caused by gains on the schemes investments of £289.6m and reduced liabilities principally from a reduction in both the discount rate and future wage inflation. This liability is accounted for as a negative pension reserve. The Department for Transport, as BTPA's sponsoring department, has agreed to underwrite any pension shortfalls.

BTPA is confident that sufficient resources are available (from Police Service Agreements ("PSAs"), from service income and from grants from the DfT) 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.

Creditor payments

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. 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 2010-11 of 90% of invoices paid within 30 days of receipt of invoice; in 2010-11 performance was 90% (2009-10 73%).

Judicial Review

From April 2007 a new charging model was introduced by BTPA with the aim of complying with the requirement to balance its costs and revenues to the PSA holders both in aggregate and to make an equitable charge in respect of individual users. All charges were calculated based on the new charging model. The introduction of the new charging model was challenged by two PSA holders through a Judicial Review ("JR"). Prior to the JR, one PSA holder invoked an arbitration process, this began in January 2007 and was held in abeyance pending the results of the JR.

The judgement in the JR was issued on 20 March 2009. It found in favour of the challenge and ruled that the new model could not be imposed on 'old' PSA holders. The only way that 'old' style PSA holders can be charged on a new charging model is by terminating the old PSA's and entering into a new PSA. The result was that for those PSA Holders on the "old PSAs", the charges for 2007-08 and 2008-09 (and future years) until existing agreements come to the end of their term on 31 March 2013) could not be calculated according to the new model and the formula which operated previously had to be applied in their case. "Old PSA" holders that were charged in 2007-08 and 2008-09 according to the new model had their charges recalculated according to their "old PSA". As a result, some were entitled to refunds, because their revised charge is less than the original amount billed, and some were required to pay more, because the revised charge is more than the amount originally billed. The result of the Judicial Review into core PSAs 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 2010-11 accounts.

There is a formal agreement in place with the DfT which provides for cover for the cash flow shortfalls and to meet any structural gaps arising from two different charging models to recover the total costs of the Authority. Any irrecoverable debt and any other authorised payments made to PSA holders arising directly, or indirectly, from the JR is also covered by this agreement. In 2010-11 the structural gap between the PSA income derived from the two charging mechanism and the costs to be recharged totalled £2,528k and has been met by the DfT.

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During 2010-11 all balances relating to the JR have now been satisfactorily settled. A dispute with Arriva Trains Wales relating to their core PSA charges resulted in a potential arbitration; negotiations were concluded during the year and have been satisfactorily resolved. The arbitration was withdrawn in March 2011.

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 £110,000. The C&AG does not undertake any non audit work for the BTPA.

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

Post-statement additions

On 1 April 2011 an agreement was reached with a PSA holder which reduced their charges by £3,696k which arose directly from the Judicial Review process and a previous mediation. On 31 March 2011 the DfT approved the conversion of this amount from loan to financing. This has been treated as an adjusting event after the reporting period and has therefore been fully reflected in these financial statements.

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

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6. 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, 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 Accounts 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 BTPA 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 BTPA's assets, are set out in the HM Treasury publication Managing Public Money.

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

7. Management commentary

Principal activities

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

BTPA's other main statutory duty is to consult widely to ensure that the railway community – train operators, their staff, and their passengers – receive the best possible value from British Transport Police.

BTPA also works closely with the Scottish Parliament, where policing and the ScotRail franchise are devolved, and the Welsh Assembly, which has oversight over some rail issues in Wales. The Police Authority's membership includes a member each for Scotland and Wales: these posts are appointed jointly with the devolved administrations and held by individuals with knowledge of rail passenger interests in their respective nations.

British Transport Police 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 38 passenger and freight companies operating mainline rail services. It also provides a policing service to:

- **Transport for London services**: London Underground, Docklands Light Railway, Croydon Tramlink;
- **High Speed 1**;
- **Tyne and Wear Metro** services in the northeast of England;
- **Midland Metro** services in and around Birmingham;

Together, these rail businesses provide a transport service to some five million people every day.

The rail network is a potential target for terrorist activity. The British Transport Police must therefore have an effective counter-terrorist capability which it continues to develop to match the threat. The police force 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. BTP is also working to protect railway infrastructure, in particular the theft of line side metals, which has increased over the last year.

Key Performance Indicators

The Police Authority sets objectives for policing before the beginning of each financial year in a National Policing Plan. These objectives serve as the Police Authority's key performance indicators. Performance against the 2010-11 targets is included on pages xx to xx.

Review of activities

A review of the reporting period for British Transport Police Authority and the police force can be found in chapter 3, "BTPA's year in review", on page xx.

Financial position

The net surplus for the year was £95.5m, £93.2m of which relates to a IAS19 pensions accounting adjustment and (£0.2m) relates to other IAS 19 employee benefit adjustments. Once the structural gap of £2.5m funded by the DfT is included the operating surplus is £5.0m. Approval was given for £3.0m of the under spend to be used to reduce the charges for the PSA holders in 2011-12.

BTPA is confident that sufficient resources are available (from Police Service Agreements ("PSAs"), from service income and from grants from the DfT) 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. Further details are contained with the Finance Directors Report on page xx

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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 £110,000. The C&AG does not undertake any non audit work for the BTPA.

Resource availability

The staff costs and details on the average number of persons employed is set out in note 4 to the accounts. The sickness absence data is set out on page xx in Chief Executive's report.

Future developments in the rail and policing worlds

The review by transport industry expert Sir Roy McNulty into value for money on the railways, commissioned by the Department for Transport, reported back at the end of May 2011. The review may influence a restructuring of Britain's railway infrastructure and the manner in which rail franchises are put out to tender. These recommendations may in turn lead to a parliamentary bill later in 2011. Any significant change to the structure of the rail industry which has implications for British Transport Police will be assessed and acted upon as appropriate.

2011/12 is set to be an eventful year for policing. Tom Winsor's recommendations on police pay and conditions and Peter Neyroud's review into police leadership and training, both of which reported back around the time of this report's publication, will have implications for the policing environment in England and Wales. In the coming months BTPA will monitor the Home Office's response to these reports and take a decision over whether to reflect the measures within British Transport Police.

In addition, the Police Reform and Social Responsibility bill, which was being debated in the House of Lords at the time of publication, would bring a series of changes to police service if passed into law. In particular, police authorities would be abolished and replaced with elected police and crime commissioners. Although the bill's provisions do not apply to BTPA directly, they would create a new policing impact. BTPA will closely follow the bill's progress, and the outcome of the above-mentioned Home Office reviews.

Research and development activities

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.

Environmental matters

As part of BTP's environment strategy, British Transport Police worked during 2010-11 to:

- ensure all of our new works and projects met legislative requirements;
- design energy efficiency into our new buildings, equipment and services;
- reduce material consumption in our operations;
- reuse rather dispose of, whenever possible;
- promote recycling and the use of the recycled materials within the organisation.

For the coming year, 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.

Pension arrangements

BTPA's pension arrangements for 2010-11 are covered in the Finance Director's Report on page xx.

Employees

The average number of employees and details of employment costs are set out in note 4 to the accounts (page xx). BTPA's policies on employees and the extent to which they have been implemented can be found in the Chief Executive's report, page xx.

Personal data related incidents

There were no incidents relating to personal data at BTPA in 2010-11.

At BTP, the security issue in relation to the release of personal data reported last year resulted in a PSD investigation which has now been concluded and appropriate action taken. No systemic failures of internal control were identified as part of the investigation. During 2010/11 a review was carried out to track the disposal of disks containing staff information which were no longer required after the move to the HR Business Centre in Birmingham. Some gaps were identified in the methodology used and measures have been taken to improve and implement new policy and procedures.

Estates

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

A.C. Figgures
Accounting Officer

Date

British Transport Police Authority

Remuneration Report

Remuneration Policy

The Remuneration Policy for Authority Members is defined by the Department for Transport. In 2010-11 the remuneration policy for senior officers of the Authority and Force, with the exception of the Chief Officer group, was approved by the full Authority and was in line with the guidelines of the Police Negotiating Board. The Chief Officer group appointment was made by the Chief Constable Appraisal Board. From 26 May 2011 the Terms of Reference of the Chief Constable Appraisal Panel have been amended so it has become a Remuneration Committee.

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Members and Senior Officers – Appointments and Service Contracts

The Authority must contain representation from various groups as set out in the Railways and Transport Safety 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 Authority are appointed by the Secretary of State for Transport, with the intention that the Authority represents and is informed of the views and interests of these groups.

Accordingly the current composition of the Authority is as follows:

- Chair – Urmila 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;
- 4 members who have knowledge of and experience in relation to the interests of persons travelling by railway including those listed below;
- 1 member who has knowledge of and experience in relation to the interests of persons in Scotland and who is appointed following consultation with the Scottish Minister;
- 1 member who has knowledge of and experience in relation to the interests of persons in Wales and who is appointed following consultation with the National Assembly for Wales; and
- 1 member who has knowledge of and experience in relation to the interests of persons in England; and passengers.

The table below provides details of appointment and service contracts for Authority Members and Senior Officers for 2010-11.

Appointment/Service Contracts

Members	Commencement of Contract	Term expiry date as at 31 March 2011	Notice period required	Main role
Urmila Banerjee CBE	01/12/2008	30/11/2012	3 months	Chairman
Sir David O'Dowd CBE, OStJ, QPM, DL, DipSoc, BA, MSc, DSc(Hon), CCMI	01/07/2004 (last renewed 01-07-2007)	30/06/2011	3 months	Deputy Chairman
Lew Adams OBE	01/07/2004 (last renewed 01-07-2010)	30/06/2014	3 months	Employee Matters
Howard Collins	01/09/2009	31/08/2013	3 months	Knowledge of Industry
Ian Dobbs	12/02/2008	31/01/2012	3 months	Knowledge of Industry
Colin Foxall CBE	04/01/2005 (last renewed 01-07-2009)	03/01/2013	3 months	Passenger Interests & Wales
Elizabeth France CBE	01/07/2010	30/06/2014	3 months	Passenger Interests
Robin Gisby	01/07/2004 (last renewed 01-07-2010)	30/06/2011	3 months	Knowledge of Industry
Michael Holden	01/07/2004 (last renewed 01-07-2008)	30/06/2012	3 months	Knowledge of Industry
James King	01/07/2004 (last renewed 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
Neil Scales OBE	01/09/2009	31/08/2013	3 months	Knowledge of Industry
Wendy Towers	01/07/2004 (last renewed 01-07-2008)	30/06/2012	3 months	Passenger Interests and England
Jeroen Weimar	01/07/2006 (last renewed 01-07-2010)	30/06/2014	3 months	Knowledge of Industry

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

Appointment/Service Contracts *(continued)*

Authority Officers	**Commencement of Contract**	**Term expiry date as at 31 March 2011**	**Notice period required**	**Main role**
Andrew Figgures	29/03/2010	Permanent Appointment	3 months	Chief Executive
Paul Coen	19/10/2009	23/04/2010	1 month	Interim Chief Executive & Clerk
Elizabeth Pike	01/06/2004	Permanent Appointment	6 months	Authority Finance Director
Strategic Command Team	**Commencement of Contract**	**Term expiry date as at 31 March 2011**	**Notice period required**	**Main role**
Andrew Trotter	01/09/2009	31/08/2014	6 months	Chief Constable
Paul Crowther	01/07/2009	Permanent appointment	6 months	Deputy Chief Constable
Paul Beasley	02/08/2010	Permanent Appointment	3 months	ACC (Protective Services)
Miles Flood	15/03/2010	30/07/2010	1 month	Acting ACC (Protective Services)
Alan Pacey	09/01/2006	Permanent appointment	3 months	ACC (Territorial Policing)
Stephen Thomas	01/07/2007	Permanent appointment	3 months	ACC (Operations)
David McCall	08/03/2004	Permanent appointment	3 months	Assistant Chief Constable – Scotland
Linda Scott	16/01/2006	31/03/2011	3 months	Director, HR
Teresa Hickman	19/08/2010	Temporary appointment	3 months	Acting Director, HR
Sharon Burd	01/01/2008	Permanent Appointment	3 months	Director, Finance & Corporate

				Services
Andrew Clarke	20/04/2010	01/04/2011	1 month	Acting Director, Finance & Corporate Services

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

The salary of Members and Senior Officers (Audited)

	2010-11			2009-10		
	Salary	Bonus Payments	Benefits in kind (to nearest £100)	Salary	Bonus Payments	Benefits in kind (to nearest £100)
Members	**£000s**	**£000s**	**£**	**£000s**	**£000s**	**£**
Urmila Banerjee	30-35	-	-	30-35	-	-
Sir David O'Dowd	25-30	-	-	25-30	-	-
Lew Adams	15-20	-	-	15-20	-	-
Howard Collins	15-20	-	-	5-10#	-	-
Ian Dobbs	30-35 See below	-	-	115-120	-	-
Colin Foxall	15-20	-	-	15-20	-	-
Elizabeth France	10-15#	-	-	-	-	-
Robin Gisby *	-	-	-	-	-	-
Michael Holden	15-20	-	-	15-20	-	-
James King	15-20	-	-	15-20	-	-
Christine Knights	0-5#	-	-	15-20	-	-
Suzanne May	0-5#	-	-	15-20	-	-
Neil Scales	15-20	-	-	5-10#	-	-
Wendy Towers	15-20	-	-	15-20	-	-
Jeroen Weimar*	-	-	-	-	-	-
** No salary taken*						
# Full year equivalent 15-20						
Authority Officers						
Paul Coen	-	-	-	-	-	-
Andrew Figgures	95-100	-	2,300	-	-	-
Elizabeth Pike	85-90	-	11,400	90-95	-	3,500
Strategic Command Team						
Andrew Trotter	165-170	-	28,600	170-175	10-15	9,600
Paul Crowther	135-140	-	15,800	130-135	-	11,200
Paul Beasley	60-65	-	6,100	-	-	-
Miles Flood	80-85	-	13,900	90-95	0-5	2,500
Alan Pacey	100-105	-	21,400	115-120	-	4,600
David McCall	90-95	-	25,000	105-110	5-10	10,000
Stephen Thomas	100-105	-	18,700	130-135	5-10	6,000
Linda Scott	115-120	-	12,200	120-125	0-5	2,800
Teresa Hickman	75-80	0-5	6,300	60-65	-	-
Sharon Burd	90-95	-	13,900	120-125	5-10	3,100
Andrew Clarke	-	-	-	-	-	-

Ian Dobbs was also employed as a consultant by the Authority and was paid £15,392 for post Judicial Review work. These fees were paid to RC&M Services (UK) Ltd. In total £34,122 was paid to RC&M Services during 2010-

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11 (2009-10 £119,777). This includes £18,730 for services as a member of the Authority.

Paul Coen's services were obtained through a contractor, Gatenby Sanderson. The cost for 2010-11 was £22,912 (2009-10 £137,265).

Andrew Clarke's services were obtained through a contractor, CIPFA Business Limited. The cost for 2010-11 was £211,183.

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. The pension contribution paid by the employer for the employee is shown as a benefit in kind.

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 are healthcare, the use of a vehicle and other travel benefits. The amount paid by the employer under the pension salary sacrifice scheme is shown as a benefit in kind.

The Authority operates a pension salary sacrifice scheme whereby the employee agrees to the employer paying their pension contribution and in return receives a salary reduced by the amount of the contribution. This allows both employee and employer to benefit from reduced National Insurance Contributions.

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 Chief Officer Appraisal Panel in accordance with the guidance contained in the PNB circular as modified to the particular circumstances of BTPA. Any bonus paid is based on this assessment.

As at 31 March 2011 no decision had been made on bonuses for 2010-11.

Pension Benefits

Railways Pension Scheme – for Authority Officers and Support Staff

Pension benefits are provided for BTPA and BTP 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 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.

British Transport Police Force Superannuation Fund – for 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 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 4 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 (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 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 (audited)

Officials	**Accrued pension at pension age as at 31/03/11 and related lump sum**	**Real increase in pension and related lump sum at pension age**	**CETV at 31/03/11**	**CETV at 31/03/10**	**Real increase in CETV**
	£'000	£'000	£'000	£'000	£'000
Authority Officers					
Paul Coen	-	-	-	-	-
Andrew Figgures	0-5 plus lump sum of 0-5	0-2.5 plus lump sum of 0-2.5	n/a	n/a	n/a
Elizabeth Pike	0-5 plus lump sum of 0-5	0-2.5 plus lump sum of 0-2.5	46	30	16
Strategic Command Team					
Andrew Trotter	15-20 plus lump sum of 10-15	2.5-5 plus lump sum of 0-2.5	n/a	n/a	n/a
Paul Crowther	85-90 plus lump sum of 60-65	22.5-25 plus lump sum of 2.5-5	1,641	1,138	503
Paul Beasley	0-5 plus lump sum of 0-5	0-2.5 plus lump sum of 0-2.5	11	0	11
Miles Flood	40-45 plus lump sum of	2.5-5 plus lump sum of 2.5-5	659	571	88

	50-55				
Alan Pacey	65-70 plus lump sum of 60-65	5-7.5 plus lump sum of 2.5-5	1,547	1,270	277
David McCall	15-20 plus lump sum of 10-15	0-2.5 plus lump sum of 0-2.5	n/a	n/a	n/a
Stephen Thomas	5-10 plus lump sum of 20-25	0-2.5 plus lump sum of 5-7.5	71	47	24
Linda Scott	Retired	Retired	Retired	Retired	Retired
Teresa Hickman	10-15 plus lump sum of 15-20	0-2.5 plus lump sum of 0-2.5	86	65	21
Sharon Burd	5-10 plus lump sum of 0-5	0-2.5 plus lump sum of 0-2.5	86	59	27
Andrew Clarke	-	-	-	-	-

Compensation for Loss of Office (audited)

Linda Scott left BTP on 31 March 2011 and received a termination payment of £98k.

There were no compulsory redundancies in the period. 11 officers left under the terms of a Voluntary Severance Scheme on 31 March 2011. They received a compensation payment of £902,747.

Exit package cost band	**Number of Compulsory Redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**
<£10,000	-	-	-
£10,000-£25,000	-	-	-
£25,000-£50,000	-	-	-
£50,000-	-	9	9

£100,000			
£100,000-£150,000	-	2	2
Total number of exit packages	-	11	11
Total costs	-	£902,747	£902,747

The 11 Senior Officer departures have been made in accordance with BTP's Voluntary Severance Scheme agreed on 23 December 2010. The scheme is a one off voluntary selective severance scheme for Police Officers at the rank of Chief Inspector, Superintendent, and Chief Superintendent employed by BTP on a permanent basis. The benefits of the voluntary scheme did not exceed the Civil Service Compensation Scheme, and made no enhancements to pensions arrangements. The Authority has obtained Treasury approval for any severance payments over and above the statutory minimum.

A.C Figgures

Accounting Officer

Date

STATEMENT ON INTERNAL CONTROL 2010/11

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 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.

The Chief Constable has been 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 BTPA Chair and I, as Chief Executive of the BTPA, meet with the ministerial team at the Department for Transport 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, the impact should they be realised and to manage them efficiently, effectively and economically. During the year ended 31 March 2011 and up to the date of approval of the Statement of 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 and internal control should be driven from the top.

BTP has a Corporate Risk Team, headed by a professional Head of Risk Management and supported by a Risk Management Coordinator. In addition, each Chief Officer and Area Commander has a Risk Champion and Representative to act as the single point of contact in their portfolio or Area on risk management matters and to manage the risk management process including the maintenance of Area or Departmental risk registers.

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 technology and project management have dedicated Boards which include provision for risk reporting. In addition, reviews are held with the Corporate Risk Team, to ensure that any relevant risks are reported and reviewed at the corporate level.

The Professional Standards Department undertake reviews of internal compliance and conduct, with any weaknesses identified being highlighted and appropriate action taken.

Good practice and areas for improvement in risk management are promulgated through the Corporate Assurance Group (CAG) and Risk Committee (RC) programme, through risk champions and risk representatives, and through the Senior Management Team (SMT) of the BTPA.

Lessons learned from internal control and conduct matters are reported to BTP's SCT meetings and published on its Intranet. They are also reported to the BTPA Professional Standards Committee, the Independent Police Complaints Commission (IPCC) and the ACPO Professional Standards Working Party as appropriate.

A new Debrief SOP (191/2010) published in August 2010 includes the need to learn lessons from operational matters including major events, major incidents, business continuity invocations and critical incidents.

Changes in Risk Environment:
Significant changes in the risk environment during 2010/11 included the change of Government, the economic climate, the impact of the Comprehensive Spending Review on the public sector generally and on BTP's Home Office (HO) and Scottish police force counterparts in particular, Police Service Agreement (PSA) holders and the travelling public as well as a resurgent threat of terrorism from domestic as well as international sources.

Comprehensive Spending Review (CSR)
The outcome of the CSR was announced on 20 October 2010 by the Chancellor of the Exchequer. Although BTPA is funded by the rail industry and not currently directly affected by the announcements, it is clear that the outcome of the CSR will have an indirect impact on BTPA.

CSR Home Office
The effect of the CSR on the Home Office is an average 23% reduction in resources spending to be achieved over the next four years, with a capital reduction of an average of 49%. Although there is limited scope for police forces to increase the council tax precept reducing the deficit, it is clear that this will not close the gap completely. BTP relies on

support from HO and Scottish police forces in a number of respects, not least in terms of custody provision in parts of the country where BTP does not have its own facilities. Any reduction in resources for HO and Scottish forces will have an obvious impact on their ability to assist BTP.

The Home Secretary has announced a review of police pay and conditions which will conclude in 2011. Although BTP is not compelled to follow Home Office police pay and conditions, historically it has accepted the agreements made by the Police Negotiating Board (PNB).

CSR Department for Transport, Network Rail and Train Operating Companies
The Government has agreed that Network Rail should deliver an additional £185m of efficiency savings on top of those identified by the Office of Rail Regulation to be achieved in the current control period. A value for money study (the McNulty Review) on the affordability of the UK rail network has been announced. Any changes that result, including changes to the length of franchises, will clearly have an impact on BTP's stakeholders, particularly the train operating companies.

Terrorism
During 2010, the national threat level of terrorism against the United Kingdom was increased to severe, meaning that an attack is considered likely. BTP has maintained a state of readiness to respond to any such attack, should it occur.

Dealing with these issues creates additional risks to the organisation and changes in legislation may be required. These risks are being identified and managed as part of the internal control environment.

THE RISK AND CONTROL FRAMEWORK

The BTPA Corporate Governance Code 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 and BTPA have a common approved risk management policy and Standard Operating Procedures (SOP). The documents confirm the approach to risk management within BTP and explain the roles and responsibilities of the Chief Constable, Chief Officers and other relevant parties.

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 2010-11, it was agreed that the joint Strategic Risk Register (SRR) document would be separated so that both BTP and BTPA had their own registers.

The BTPA monitors the effectiveness of risk management by BTP through meetings of the Audit 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. Following presentation at Audit Committee the BTPA reviews risk management arrangements within BTPA and BTP and the risk registers quarterly and the BTPA risk register is shared with the Department for Transport (DfT) at regular sponsorship meetings.

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

- Meetings of the BTPA on a quarterly basis;
- The quarterly Audit 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 Risk Committee 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 elements of internal control within BTP;
- The monthly Corporate Assurance Group, 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 Department 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 projects.

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. The tolerance levels within which risks are managed are detailed in the Risk Management SOP.

INFORMATION MANAGEMENT

Work is ongoing towards compliance with the Government's Security Policy Framework (SPF). 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 67 of the 70 mandatory requirements. The remaining 3 actions are rated at Amber and are being addressed via an action plan which will be complete within the year.

The HMG Information Assurance Maturity Model (IAMM), revised in 2010, provides information and guidance for Accounting Officers (AO), and assists Senior Information Risk Owners (SIROs) in developing Information Assurance (IA) maturity in their organisations. This is underpinned by an IA Assessment Framework (IAAF), which provides detail of the measures required to deliver the specific levels of maturity on which the model is based.

ACPO Police Information Assurance Board (PIAB) and Information Management Business Area (IMBA) adopted the HMG IAMM as the methodology in providing evidence to demonstrate levels of IA maturity and compliance to the Community Security Policy (CSP).

The Deputy Chief Constable (DCC) is the designated SIRO for the Force. He is required to review the effectiveness and sufficiency of BTP's IA measures on at least an annual basis and to commission managed programmes of work to address any identified shortfalls and improve the organisation's IA maturity.

During 2010/11 a complete review of Information Security Policy and SOP has been completed and an additional SOP on Security Incidents and Breach Management published. An audit of key systems looking at Data Protection compliance has also been completed and a number of processes have been updated as a result.

The SIRO is also responsible for determining the additional level of IA maturity that their organisation will achieve; however the minimum IA maturity level for CSP Compliance has been set at achieving a score of 1 or 2[1] across Level 2 (Established) by 31st March 2013. BTP is required under the Police Service IA Strategy 2010 - 2013 to provide a completed Information Risk Return (IRR) by the 31st May 2011. Both strands of this work are being progressed under the sponsorship of the DCC and will identify BTP's baseline position and action plan to achieve the required compliance level.

The security issue in relation to the release of personal data reported last year resulted in a PSD investigation which has now been concluded and appropriate action taken. No systemic failures of internal control were identified as part of the investigation.

[1] Score 1 is defined as "A plan to deliver the requirement is under construction, but with key issues yet to be resolved".
Score 2 is defined as "A fully endorsed and resourced project or programme (or similar formal process) is underway to deliver the plan, under a recognised formal governance structure (e.g. OCG guidelines) with achievable timescales and a fully managed risk profile".

During 2010/11 a review was carried out to track the disposal of disks containing staff information which were no longer required after the move to the HR Business Centre in Birmingham. Some gaps were identified in the methodology used and measures have been taken to improve and implement new policy and procedures.

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.

BTPA's internal auditors, Tribal, have 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 2010/11 has been carried out. All areas of weakness identified are addressed through management action plans.

In addition, assurance has been sought from all areas of BTP with responsibility for aspects of Internal Control through the biannual 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) 2009/10 Management Letter noted a number of audit and accounting issues in the financial statements. Management responses to these concerns were provided and work is underway to progress them. These matters have been revisited as part of the 2010/11 NAO work.

Within the last 12 months progress to planned improvements to the internal control structure has been made including the following:

- Training for senior managers through a risk management briefing package has been delivered to all Areas and the majority of FHQ Departments as well as the BTPA during the year in order to continue to embed risk management into everyday business and improve risk based decision making;
- A partnership risk management toolkit to inform the development of risk management best practice when working in a partnership with another body was published in September 2010
- Analysis of the organisation's risk maturity based on national public sector models to inform future development. BTP uses the ALARM[2]

[2] ALARM is the national association for public sector risk management

model of risk maturity. A plan for improving where it is desirable to do so has been drafted;

- The introduction of a risk reporting tool available to all staff with access to BTP's Intranet in January 2011;
- The implementation of a stringent Health and Safety inspection regime which has seen all locations visited and progress made on inspection findings;
- Significant progress on Business Continuity was made during 2010-11 with completion of a comprehensive programme for Testing and Exercising relocation plans in March 2011. Awareness about Business Continuity issues was raised amongst BTP staff and key actions for improvement identified including strengthening plans to deal with loss of people and processes.
- In line with the ACPO Information Systems Community Security Policy, preparatory work for the implementation of protective monitoring software (Vigilance Pro) has been completed. This will allow electronic information usage to 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.
- A major review of governance arrangements by the BTPA has continued during 2010/11. The internal audit team have reviewed the financial governance framework and the DfT have re-issued their framework document with the BTPA.
- A model for self assessment of Risk Management Maturity for Areas and portfolios has also been developed and deployed during 2010-11
- The charges for the new model PSA holders were refreshed with up to date data for the 2010/11 charges. These were monitored at the bi-weekly meetings, subjected to a new governance procedure introduced as a consequence of weaknesses in the approval process, and were presented to the BTPA for approval in March 2010.
- A full review of schemes of delegation between the Principal Accounting Officer and Additional Accounting Officer following the changes in Accounting Officer arrangements has been completed.
- A work programme has been put in place to resolve the issues surrounding HR records, payroll and allowances and has been implemented under the direction of the DCC. A minimal number (less than 50 / 4568) of discrepancies require resolution; and
- A database of generic and operational health & safety risk assessments has been created.

Whilst considerable progress has been sustained throughout the year, and the robustness of assurance has been improved, further work is planned to encourage continuous improvement and prevent risk-averse attitudes undermining achievement of objectives.

Areas for development in 2011/12 include:

- A review of reporting across all aspects of risk management to continue the cohesive approach to risk management within BTP and the BTPA;
- Encouraging the use of the Partnerships Toolkit 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;
- Introducing Management Assurance Returns across all Areas and Portfolios;
- A major review of BTP's Major Incident Manual which acts as the basis for the Forcewide Emergency 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;
- Further work towards alignment with BS25999. This will be achieved through full implementation of the business continuity management cycle including reviewing and updating the business impact analyses and plans with continued exercising and testing continuing through to 2012;
- Further development of Incident Response Plans to deal with large scale premises and major processes (including technology) failures;
- Introduction of Vigilance Pro software;
- Full compliance with the SPF; and
- The Fraud Policy is being updated and a review assessment of fraud risks will be undertaken.

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.

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

SIGNIFICANT INTERNAL CONTROL ISSUES

A localised internal fraud was identified and criminal proceedings against a former member of staff are ongoing. PSD and internal audit have jointly conducted an investigation into the matter. New control measures have been introduced to prevent future abuse of the system and a revised Fraud Policy has been drafted.

Internal control issues identified by the NAO during their audit 2009/10 included difficulties in evidencing staff payments and evidence for charges to London Underground.

As a result a comprehensive exercise has been undertaken to review and check all personnel files to ensure all files are up to date and accurate. This project has been reviewed by BTPA's internal auditors.

We are also working on the charges issue to have clarity between BTPA and London Underground Limited about the charges. A report setting out a mechanism for funding L Area primarily by way of actual costs has been agreed with LU Ltd and by the BTPA Finance Group.

A.C. Figgures
Accounting Officer
Date

The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

British Transport Police Fund

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 the British Transport Police Fund for the year ended 31 March 2011 under the Railways and Transport Safety Act 2003. These comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of 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 Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities**,** the Accounting Officer is 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 2003 and 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 the British Transport Police Authority; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been

applied to the purposes intended by Parliament and the financial transactions 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 2011 and of its net deficit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Railways and Transport Safety Act 2003 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 issued under the Railways and Transport Safety Act 2003; and
- the information given in the Structure of the Authority, BTPA's Year in Review, Chief Executive's Report, Finance Director's Report and the Management Commentary contained in the Annual 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
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

Date