

Annual Report and Accounts 2012-13

Management commentary and content

o/s

Post balance sheet events	LP
Finalise numbers	LP
Update re West Coast in FDs report	LP
Risks re PSA – update	LP
Numbers and cross referencing	LP
C&AG report -	NAO

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MANAGEMENT COMMENTARY

Introduction

British Transport Police Authority Annual Report and Accounts 2012-13

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 2013. They have been prepared in accordance with the 2012-13 Government Financial Reporting Manual (FRM) 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 Statement of Comprehensive Income for the year is shown on page 57 and the Statement of Changes in Taxpayers Equity on page 60. The Statement of Financial Position and Statement of Cash Flows are shown on pages 58 and 59 respectively.

Ordered by the House of Commons to be printed 28 June 2013.

Structure of the Police Authority

The membership of the Authority during 2012-13 is set out below:

Urmila Banerjee CBE

Chairman

BTPA responsibilities:

- Police Authority: Chairman
- Strategy group: Chairman until 23 October 2012
- Strategy steering group
- Appointments and Remuneration Committee
- Portfolio allocation: Chief Constable

Appointments outside BTPA:

- Working Links: Chairman
 - Nominet Trust: Chairman
 - High Sheriff of Greater London
 - Barts Health NHS Trust : Non-executive director (appointed 2 April 2012)
-

Brian Phillpott

Deputy Chairman

Appointed 1 April 2012

BTPA responsibilities:

- Police Authority: Deputy Chairman
- Audit Committee: Chairman from 4 December 2012
- Appointments and Remuneration Committee
- Strategy group:
- Strategy steering group
- Portfolio allocation: Deputy Chief Constable

Appointments outside BTPA:

- N/A
-

Lew Adams OBE

Member with knowledge and experience of rail employee interests

BTPA responsibilities:

- Police Authority
- Professional Standards Committee
- Policing plan group
- Pensions working group
- Portfolio allocations: London North area and health and safety
- British Transport Police Force Superannuation Fund: pension management committee member

Appointments outside BTPA:

- Brackenbury Manor Owners Limited: Chairman;
 - Friends of the National Railway Museum, York: member
 - Transport Benevolent Fund: patron
-

Patrick Butcher

Member with knowledge and experience of providing railway services

BTPA responsibilities:

- Police Authority
- Strategy group
- Strategy steering group

Appointments outside BTPA:

- Network Rail: Group Finance Director
-

Howard Collins

Member with knowledge and experience of providing railway services

BTPA responsibilities:

- Police Authority
- Professional Standards Committee
- Performance review group: Chairman
- Pensions working 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
-

Colin Foxall CBE

Member with knowledge and experience of passenger interests in Wales

Term expired 3 January 2013

BTPA responsibilities:

- Police Authority
- Audit Committee: Chairman until 4 December 2012
- Portfolio allocations: Wales & Western area

Appointments outside BTPA:

- Passenger Focus: Chairman
-

Elizabeth France CBE

Member with knowledge and experience of passenger interests

BTPA responsibilities:

- Police Authority
- Professional Standards Committee
- Performance review group:
- Policing plan group
- Portfolio allocations: North Western area

Appointments outside BTPA:

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

David Franks

Member with knowledge and experience of providing railway services

Resigned 29 January 2013

BTPA responsibilities:

- Police Authority
- Finance group
- Policing plan group
- Portfolio allocations: ACC (Central Operations)

Appointments outside BTPA:

- Keolis: Managing Director, UK Rail unto 31 December 2012
 - Irish Rail: Chief Executive Officer from 7 January 2013
-

Michael Holden

Member with knowledge and experience of providing railway services

BTPA responsibilities:

- Police Authority
- Audit Committee
- Performance review group
- Policing plan group: Chairman from 1 July 2011
- Portfolio allocations: Director of Corporate Resources

Appointments outside BTPA:

- Association of Train Operating Companies: Board Member
 - Coledale Consulting Ltd: Director
 - Directly Operated Railways Ltd: Chief Executive Officer
 - East Coast Main Line Company Ltd: Non-executive Chairman
 - First Class Partnerships: Associate
 - Railway Children Ltd: Director (non-remunerated), Trustee
 - Railway Children Trading Ltd: Director (non remunerated)
 - Railway Children Ball Ltd: Director (non remunerated)
 - Pinewood Gymnastics Club Ltd: Director (non remunerated), Trustee
-

Len Jackson

Member with knowledge and experience of passenger interests

Appointed 1 May 2012

BTPA responsibilities:

- Police Authority
- Professional Standards Committee
- Appointments and Remuneration Committee
- Strategy group
- Strategy steering group
- Portfolio allocations: North Eastern area

Appointments outside BTPA:

- Assistant Commissioner for the Boundary Commission for England and Wales
-

Bill Matthews

*Member with knowledge and experience of passenger interests in Scotland
Appointed 1 November 2012*

BTPA responsibilities:

- Police Authority
- Audit Committee
- Finance group
- Pensions working group
- Performance review group
- Portfolio allocations: Scotland area and ACC (Scotland)

Appointments outside BTPA:

- Security Industry Authority: Interim Chair
 - BBC Trust - Trustee for Scotland
-

Wendy Towers

Member with knowledge and experience of passenger interests in England

BTPA responsibilities:

- Police Authority
- Professional Standards Committee: Chairman
- Appointments and Remuneration Committee
- Finance group
- Portfolio allocations: London Underground & DLR area

Appointments outside BTPA:

- Security Industry Authority: Board member
-

Anton Valk

Member with knowledge and experience of providing railway services

BTPA responsibilities:

- Police Authority
- Appointments and Remuneration Committee
- Finance group from 17 October 2012
- Performance review group
- Strategy group: Chairman from 24 October 2012
- Strategy steering group: Chairman

Appointments outside BTPA:

Non Executive Chairman Abellio UK

Jeroen Weimar

Member with knowledge and experience of providing railway services

BTPA responsibilities:

- Police Authority
- Audit Committee until 31 May 2012
- Appointments and Remuneration Committee: Chairman
- Strategy group
- Strategy steering group
- Finance group: Chairman
- Portfolio allocations: ACC (Territorial Policing)

Appointments outside BTPA:

- Chief operating Officer: UK Bus, First Group
-

Chief Executive's report

Principal activities

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

The Authority's other main statutory duty is to defray the expenses of the police force and the Authority through contributions from the railway industry. In exercising its statutory duty the Authority consults widely to ensure that the railway community – train operators, their staff, and their passengers – receive the best possible value from BTP.

The Authority also works closely with Transport Scotland and the office of the Cabinet Secretary for Justice, to which policing and the ScotRail franchise are devolved, and the Welsh Government. The 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 the interests of persons in their respective nations.

BTP is the national police force for the country's rail network. It is responsible for policing the infrastructure maintained by Network Rail, and the trains and stations of 39 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;**
- **DB Regio 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 six million people every day. The rail network is a potential target for terrorist activity. BTP must therefore have an effective counter-terrorist capability which it continues to develop to match the threat. 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. During the summer of 2012 BTP was heavily involved in policing events around the Queen's Jubilee celebrations and the Olympics and Paralympic Games around the country. BTP is also working to protect railway infrastructure, in particular the theft of line side metals. This work has helped to reduce disruption on the rail network.

Accounting Officer role

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

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

Key performance indicators

The Authority sets objectives for policing before the beginning of each financial year in a National Policing Plan. These objectives serve as the Authority's key performance indicators. Performance against the 2012-13 targets is included on page 18. Local policing plans are also put in place each year to both support the national objectives and to recognise local initiatives and issues.

Improving efficiency

In December 2012, the Authority set the 2013-14 overground budget and agreed that it would be increased by 2.6%. Expected cost savings from 2012/13 of £1.6million were offset against this budget and the PSA holders were informed that the overground budget would increase by 1.8%, well below headline inflation of 3%. In 2012/13 the budget had remained at the same level as the previous years, despite having a significant operational role during the Olympic and Paralympic Games. This represents a real reduction in the total cost of policing the railways when inflation has continued to rise and this has been achieved through improved efficiency.

Employees and employee matters

Engagement with employees

The following staff associations are recognised 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.

BTP has a policy for Managing Disability in the Workplace which sets out the organisation's approach to disability equality. The policy aims to promote the overall health and wellbeing of all employees; putting in place an approach which stresses the importance of adopting an individual approach to each employee, ensuring adjustments are based on a specific assessment of their needs. The policy ensures that disabled employees are viewed in terms of their contribution and the value they bring to the organisation, translating into practice the Authority's commitment to make every effort to retain and develop the skills and knowledge held by its disabled employees.

Resource availability

A high level of attendance from officers and staff is essential to BTP's service. The 2012-13 Policing Plan set a target of less than 7.3 days of sickness absence per employee. The results were as follows:

	2012-13	2011-12
Police officers	7.0	7.2
Police staff	8.2	7.1
Police Community Support Officers ('PCSO')	9.0	11.0
Overall	7.5	7.4

Overall the level of sickness has marginally increased and is now just over 7.5 days per employee per annum. The Police Authority has monitored PCSO sickness over the year and it has reduced by 2 days per annum, although it is still above the overall level. The police staff sickness has worsened by 1.1 days, this increase has been driven by a 14% increase in days lost through long term sickness and a 23% in days lost by short term sickness, principally at the Force Headquarters. The Performance Review group will monitor the progress on action plans to reduce this. As a result of this, the overall level of sickness missed the target by 0.1 day but continues to compare favourably with the other Home Office Forces.

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

A fresh approach to doing business

Business cycle

2012-13 was the third year of the Authority's new business cycle, established to ensure the Police Authority is presented with the essential information to assess the effectiveness and efficiency of the police force and take appropriate action.

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

Communications strategy

The reporting period was the third year of the Authority'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, and their national and regional passenger representative groups;
- Police and rail staff, and their representatives;
- 'Rail UK' including the Department for Transport, the newly emerging Rail Delivery group (RDG); the Association of Train Operating Companies; Office for Rail Regulation and the Rail Accident Investigation Branch;
- 'Policing UK' which includes the Police and Crime Commissioners appointed following the November election, the newly established Association of Police and Crime Commissioners, ACPO, HMIC;
- Governments in Westminster, Scotland and Wales (including Transport for London);

These stakeholders were consulted during the fundamental refresh of the Authority's strategic plan which now reaches to 2018/19, the end of Control period 5. Work was underway during the reporting period, to develop year 1 of the operational delivery plan as published within the 2013-14 Policing Plans, approved by the Authority on 21 March 2013.

Key consultation activities during the year included;

- Senior rail company and passenger representatives were invited to participate in a stakeholder workshop in September 2012, at which they had the opportunity to discuss the Authority's assessment of the key issues to inform the strategic direction of the Force and the industry. Also to explore potential priorities for policing for their services over the coming year.
- The Authority continued to regularly engage at various ATOC forums at which performance and planning matters were discussed.

- Early dialogue was established with the new RDG to understand the scope and sequencing of its activities and which of its work streams the Authority's contribution could be most relevant and beneficial.
- During the year an independent survey was conducted with the Industry to identify what they valued in terms of policing services which enabled them to deliver their outputs. The product of this survey was used to inform and refine the strategy. This further strengthened our understanding of the customer requirement.

The Authority developed an initial communication to be sent to incoming PCCs which provided background on the role and remit of BTP and its key areas of work. A follow-up programme for 2013-14 when PCCs will have established their own local priorities and systems of working is now in development.

Operators also continued to be consulted during the reporting period over the Authority's plans to introduce an updated Policing Service Agreement (PSA) from 2013 to ensure that all the core PSA holders are on a standard contract and are charged through the same charging model in order to recover all their costs from the rail industry.

Developments in the rail and policing worlds

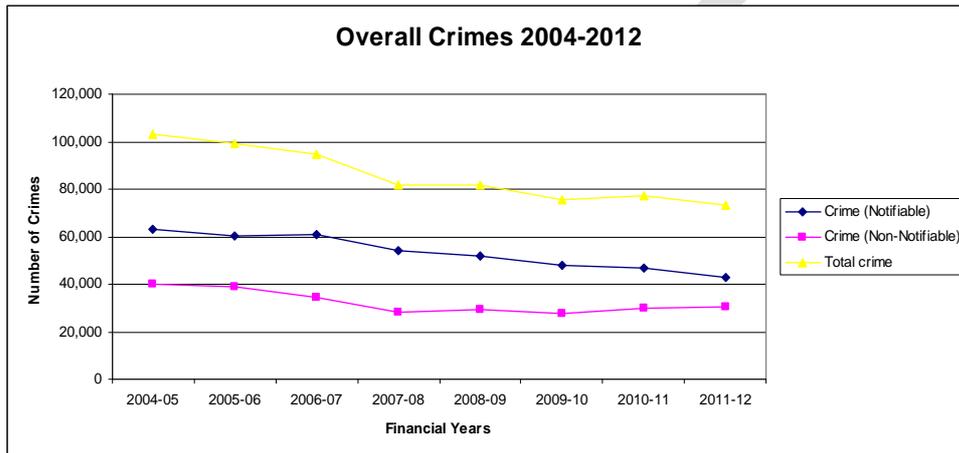
Following the Department for Transport's decision in August 2012 to cancel the competition process for the next West Coast main line passenger franchise, all other franchise competitions were either cancelled or delayed. In March 2013, the Department published its revised timetable for franchising, beginning with the East Coast main line, for which a new operator will be in place in 2015. Police Service Agreements remain in place with all Train Operating Companies whose franchises have now been extended rather than re-franchised. As the franchising process develops the Authority will further engage with operators to inform their bids.

During the reporting period, the Rail Delivery Group was formalised as a company limited by guarantee and membership became compulsory for rail operators. The Authority will seek Associate membership of this group..

In the policing world, the first elections for police and crime commissioners, who replaced Police Authorities for Home Office police forces outside of London, were held in November 2012. The Authority made initial contact with every commissioner in the first week of their election and has since contributed to national coordination work led by the Association of Police and Crime Commissioners (APCC), as well as engaging with individual commissioners on issues affecting their constituencies. The Authority is a member of the APCC and has good relationships with the Home Office through the Police Reform Unit.

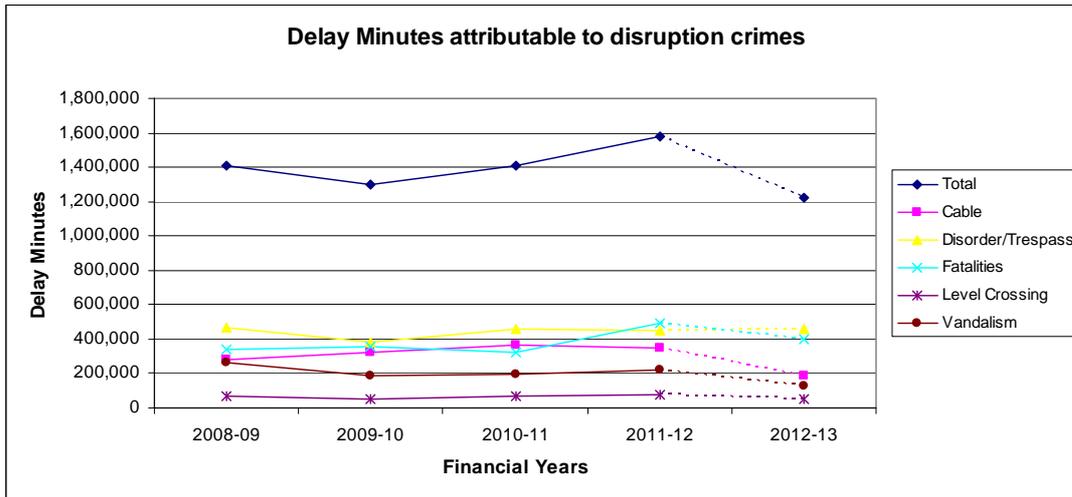
Passenger numbers up, crime down

BTP has been successful in reducing railway crime in partnership with train operators and Network Rail. The railway is now a safer place than it has ever been for those who work and travel on it. Crime has fallen by 33% in the last eight years, whilst the number of people travelling on the railway has increased by nearly 50% to over 1.4 billion. Significantly, there has been a major reduction in crimes which cause passengers most concern – robbery has been reduced by 70%, theft by 48%, violent offences by 19% and motor vehicle crime by 71%. At the same time, more criminals who commit offences on the railway are being arrested. Since 2004-05, BTP’s detection rate has improved from 17% to 32% and the number of offenders detected has increased by 20%.



Less disruption

Delay minutes caused by police related activity are now 14% lower than four years ago. To achieve this BTP has worked closely with train operators and Network Rail to focus on crimes and incidents which can cause the most severe disruption, reducing their number and impact. Improvements were made across the board, particularly in preventing live cable theft which can cause severe and widespread delays. Cable theft fell 48% in 2012/13 and delays minutes caused by this crime fell 58%.



Progress in reducing costs

We recognise that the rail industry has to work within tight financial constraints and we have been successful in reducing both our total operating costs and unit costs to provide value to stakeholders. The Force is therefore in a strong position to contribute to the 30% unit reduction in cost per passenger kilometre that was recommended by the McNulty Report and is significantly further ahead than most other industry sectors in this regard.

As well as achieving significant reduction in its costs per passenger kilometre, there has also been a prolonged period of real budget reduction. Growth in funding was agreed between 2004 and 2009 to provide the resources for the Authority to drive to become a high quality police force. Since then, our real budget has been steadily reduced without loss of service quality. The over ground charges to PSA holders in 2009/10 were £201.3m compared to £198.8m in 2012/13 despite inflation over that period of around 14%.

BTP's operating cost remained an important issue for all members of the railway community. In December 2011, the Police Authority agreed to set a net budget of £198.8m for core policing in 2012-13, this was set at the same level as 2011-12, which represents a reduction in real terms for the police force. In taking this difficult funding decision BTP aligned itself with partner organisations in the railway and policing worlds, both of which have absorbed significant financial pressure. In 2013-14 the net overground budget has been increased by 1.8%, which continues to represent a reduction in real terms for the Authority.

Research and development activities

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

Some notable examples include:

- 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;
- Increased use of 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 the Authority's environment strategy, during 2012-13, it worked 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.

A detailed Sustainability Report has been included on page 35.

Personal data related incidents

There were 39 incidents involving personal data breaches. Of these one was reported to the Information Commissioner.

Estates

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

The Authority's year in review

Performance

The Authority's policing plan 2012-13 national performance and targets, together with a comparison against the previous year where available, are set out below

National Policing Plan Objectives	Target achieved	2012-13		2011-12
		Performance	Target	Performance
1. Reduce minutes lost at 36 locations through joint problem solving plans agreed with Network Rail and train operators	✓	163,950	316,672	n/a
2. Reduce disruption by responding to at least 95% of immediate incidents within 10 minutes for the five Olympic Zones	×	93%	95%	n/a
3. Reduce live cable offences from the 2011-12 level	✓	491	1,113	1,116
4. Non-suspicious fatalities to be cleared within an average of 90 minutes	✓	76	90	76
5. Reduce the number of notifiable offences (excluding police generated offences) from the 2011-12 level	✓	50,081	50,918	51,009
6. At least maintain the detection rate for serious violence, sexual and robbery offences and staff assaults	✓	54%	52%	52%
7. Reduce overall sickness from the 2011-12 level	×	7.51	7.30	7.39
8. Increase value for money by removing at least £500k from BTP's Force Headquarters functions to reduce back office costs	✓	£510k	£500k	n/a
9. Reduce bureaucracy by decreasing the volume of manually produced performance reports by at least 20%	✓	139	249	n/a
10. At least maintain the proportion of resources devoted to Neighbourhood Policing Teams and response policing between 8pm and 1am (not including the Olympic Games period)	✓	18%	17%	17%
11. Promote confidence and visibility by increasing the total hours worked by special constables by 10%	×	64,440	76,372	69,429

Targets marked "not applicable" (n/a) were set for the first time in 2012-13 and had no comparable objective in 2011-12.

Olympics

After many years of hard work and anticipation the 2012 Olympic and Paralympic Games arrived and saw a substantial increase in capacity and demand on the railways. The Authority played a significant part in one of the largest policing operations in British history, successfully ensuring that the Games were both safe and secure whilst still being enjoyable. This was achieved at the same time as providing business as usual policing.

Crime

Crime on the railways reduced for the ninth consecutive year, down 2% compared to last year, with robbery down by 18%, serious line of route offences down 14% and criminal damage down by 12%.

Cable theft

One of the greatest challenges facing the safety and security of the network policed by the police force in recent times has been cable theft. Copper prices increased dramatically and, in parallel, incidents of cable theft soared. Very often, the stolen cable is sold on as scrap. Live cable offences on the railway caused significant disruption to the network.

In recognition of this, the Authority made significant progress in tackling metal theft during the year. Live cable offences on the railway reduced by 56%, with the detection rate increasing to 31%. The introduction of new legislation in the Legal Aid, Sentencing and Punishment of Offenders Act 2012 and the Scrap Metal Dealers Act 2013 to create a new criminal offence prohibiting cash payments to purchase scrap metal, extending the record keeping requirements of scrap metal dealers and providing local authorities and police forces in England and Wales the power to revoke scrap metal dealers' licences where they suspect illegal activity will have significant effect on BTP's operations to tackle metal theft on the railways.

The National Metal Theft Taskforce Programme (NMTTP) was announced by the Government in November 2011 and committed £5m for additional operational activity by police, other law enforcement agencies and partners to tackle metal theft. It was managed and co-ordinated by BTP. NMTTP supported 202 bids for funding and has committed financial support for operations and coordination activity aimed at reducing metal theft. It has supported National Days of Action, which on any one day have involved 40 police forces, Environment Agency, Local Authorities and HMRC as well as a host of partners including Network Rail, BT, and power companies, the UK Border Agency, VOSA and Trading Standards. Since the creation of the NMTTP, these periods of action resulted in 4,314 Scrap Metal Dealer (SMD) site visits, 747 arrests, 400 motor vehicles seized, and the seizure of numerous items of property subject to metal theft including copper, lead, cable, sculptures, cemetery plaques, gas cylinders and beer kegs. The NMTTP also financially supported the pilot and implementation of Operation Tornado tactics by forces and agencies across the country. This initiative received a high level of sign-up from SMDs, who have agreed

to improve their identification requirements for their vendors at the point of sale. Police forces reported significant reductions in recorded crime as a result of the NMTTP investment in coordination and operational support. Metal theft crime reported to British Transport Police is 51% lower overall for the performance year 2012-13 compared to the 2011-12 performance year. An average 44% reduction in metal theft has been achieved nationally across Home Office forces

Disruption target

Through our stakeholder consultation activity in recent years 'reducing disruption' has emerged as a key priority for our industry partners and as a result became a priority theme in our strategic plan and a target was included in the 2012-13 Policing plan to reduce the number of minutes of disruption at key locations across the rail network. Such has been the success in delivering performance against this target, that it will be widened for 2013-14 to include all locations policed by BTP.

Activities

Independent custody visits

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

Staff changes

A number of senior staffing changes were made at the Authority in 2012-13:

Police Authority members

Colin Foxall's term of office as the member with knowledge of passenger interests and Wales came to an end on 3 January 2013 after eight years with the Authority. David Franks, a member with knowledge of industry interests resigned on 29 January 2013.

Brian Phillpott's commenced as the Authority's new deputy chairman on 1 April 2012. Len Jackson started as an Authority member with knowledge of passenger interests on 1 May 2012 and Bill Matthews was appointed as Member with knowledge and experience of passenger interests in Scotland on 1 November 2012.

Police Authority executive

There were no changes in the structure of the Executive. Andrew Figgures remains the Chief Executive and Elizabeth Pike remains the Authority Finance Director.

BTP senior officers

Francesca Okosi, the Director of Corporate Resources left BTP on 11 June 2012. Mark Newton was appointed as the Temporary Director of Corporate Resources on 7 May 2012.

Finance Director's report

Financial position

The net deficit for the financial year is £49.9m, £26.8m of which relates to an IAS19 pensions accounting adjustment. Once the grant in aid received from the DfT relating to the Olympic and Paralympic Games (£10.5m), the structural gap (£5.4m), the direct costs of the cable theft initiative referred to in the Chief Executives report (£4.1m), together with smaller adjustments, the operating surplus was £0.2m.

The operating surplus of £0.2m was generated after transferring an additional £0.3m to the Contingency reserve, which now totals £3.6m; after transferring £1.0m to fund further metal theft initiatives in 2013-14. A further £1.6m of the operating surplus in 2012-13 has been used to reduce the charges for the PSA holders in 2013-14.

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 the Authority's behalf by Railways Pension Management Ltd being disclosed (see Note 25 and 26 to the accounts). The accounting policy for pensions is disclosed in Note 1.21 to the Accounts.

An actuarial valuation of the Police Staff pension section of the RPS fund was agreed as at December 2010. The valuation presented a funding level of 108% on an asset base of £58.4m. The last full valuation of the British Transport Police Superannuation for Police Officers' fund took place as at 31 December 2009. It had an asset base of £702m and had a funding level of 95.1%. A recovery plan to make good the deficit of £36m was agreed with the Trustee of the fund. A further valuation of this fund took place as at 31 December 2012. The results will not be finalised until March 2014.

Going concern

After adopting IAS 19, the opening financial position as at 1 April 2012 shows net pension liabilities of £306.3m. The net liability of the scheme on 31 March 2013 was £474.2m, an increase of £167.9m in the year. This increase is caused by gains on the schemes investments of £80.5m and increased liabilities principally from a rise in future inflation and lower expected future returns. This liability is accounted for as a negative pension reserve. The Department for Transport, as the Authority's sponsoring department, has agreed to underwrite any pension shortfalls.

The Authority is confident that sufficient resources are available (from Police Service Agreements ("PSAs"), from service income and from grants from the DfT) to meet its approved expenditure needs because of the agreement with the DfT to fund any shortfall in income until 2012-13. From 1 April 2013 new PSAs have been entered into which allows the Authority, following consultation with the PSA holder, to recover any shortfall in

income during a financial year from the respective PSA holders. Such a shortfall in income could arise from arbitration or an unanticipated or exceptional event. In addition to this the PSA states that no dispute as to whether the correct sum has been invoiced shall give the PSA holder any right to defer or withhold payment of all or any part of any sum invoiced.

Accordingly it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Creditor payments

The Authority observes the principles of the Department of Business, Innovation & Skills (BIS) "Prompt Payment" guidance and aims to pay all approved invoices in accordance with its stated payment terms or otherwise within 30 days of receipt of a valid invoice. Copies of the guidance are available from BIS. The Authority uses the Government Procurement Card for small low risk payments. These are paid immediately to the supplier and are not included in the below statistics. The Authority had agreed a performance target for 2012-13 of 90% of invoices paid within 30 days of receipt of invoice; in 2012-13 performance was 89% (2011-12 88%). On average the Authority takes 15 days from receipt of invoice to payment.

Judicial Review

In April 2007 a new charging model was introduced by the Authority in order to improve the allocation of costs to PSA holders through a better approximation of the nature and extent of the policing activity attributable to each PSA holder. 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 from 2007-08 to 2012-13 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 2012-13 accounts. In 2012-

13 the structural gap between the PSA income derived from the two charging mechanisms and the costs to be recharged totalled £5.4m and has been met by the DfT.

There was 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. This agreement ceased on 31 March 2013 and a revised PSA has now been signed by all the core over ground PSA holders. A standard charging model has been used as the basis for charging from 1 April 2013 onwards. From 1 April 2013 the core PSA holders will now pay by direct debit on standard terms of 28 days from the date of invoice.

Comment [A1]: Check re West Coast

Unauthorised pensions

During 2011-12 it was identified that a small number of Police Officers had retired and been re-employed in substantially different roles. A change in tax legislation which provided a break in service of one calendar month or six calendar months depending on the new role and the age on retirement was stipulated. If these conditions were not met the pension payable could be deemed to be taxable. The Authority has worked closely with both HMRC and the Pensions trustee to reach a satisfactory outcome. These discussions were concluded in 2012-13. At last year end a contingent liability for the total expected exposure of up to £1 million to 2015-16 was disclosed.

During 2012-13 agreement was reached with the Trustee, HMRC and the affected members. Payments totalling £0.2m have been made on behalf of the employees affected and a further £0.7m has been provided for future expected liability to 2015-16.

Auditors

The accounts of the Fund are audited by the Comptroller and Auditor General (C&AG) under the Railways and Transport Safety Act (2003). The cost of the audit is £125,000. The C&AG does not undertake any non audit work for the BTPA.

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

Post-statement additions

There are none.

Comment [72]: LP to confirm before filing accounts

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

Statement of Accounting Officer's responsibilities

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

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

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

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

A.C. Figgures CB CBE

Accounting Officer

Date 15 June 2013

REMUNERATION REPORT

Remuneration policy

The Remuneration Policy for Authority members is determined by the Department for Transport. The remuneration policy for senior officers of the Authority and Force is approved by the Appointments and Remuneration Committee. Its membership is detailed in the structure of the Police Authority on pages 4 to 10. Its responsibilities are set out on page 51 of the Governance Report.

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 - Brian Phillipott
- 5 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;
- 2 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 Wales and who is appointed following consultation with the National Assembly for Wales- vacancy;
- 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 and
- 1 member who has knowledge of and experience in relation to the interests of persons in England; and passengers.

Appointment and service contracts

The table below provides details of appointment and service contracts for Authority Members and senior officers for 2012-13.

Members	Commencement of contract (date last renewed)	Term expiry date	Notice period required	Main role
Urmila Banerjee	01-12-2008 (01-12-2012)	30-11-2015	3 months	Chairman
Brian Phillpott	01-04- 2012	31-03-2016	3 months	Deputy Chairman
Lew Adams	01-07-2004 (01-07-2010)	30-06-2014	3 months	Employee Matters
Patrick Butcher	01-09-2011	31-08-2015	3 months	Knowledge of Industry
Howard Collins	01-09-2009	31-08-2013	3 months	Knowledge of Industry
Colin Foxall	04-01-2005 (01-07-2009)	03-01-2013	3 months	Passenger Interests and Wales
David Franks	01-09-2011	29-01-2013	3 months	Knowledge of Industry
Elizabeth France	01-07-2010	30-06-2014	3 months	Passenger Interests
Michael Holden	01-07-2004 (01-07-2012)	30-06-2013	3 months	Knowledge of Industry
Len Jackson	01-05-2012	30-04-2016	3 months	Passenger Interests
Bill Matthews	01-11-2012	31-10-2016	3 months	Passenger Interests and Scotland
Wendy Towers	01-07-2004 (01-07-2012)	30-06-2013	3 months	Passenger Interests and England
Anton Valk	01-09-2011	31-08-2015	3 months	Knowledge of Industry
Jeroen Weimar	01-07-2006 (01-07-2010)	30-06-2014	3 months	Knowledge of Industry

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

Appointment and service contracts *(continued)*

Authority officers	Commencement of contract	Term expiry date	Notice period required	Main role
Andrew Figgures	29-03-2010	Permanent Appointment	6 months	Chief Executive
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 2012	Notice period required	Main role
Andrew Trotter	01-09-2009	31-08-2014	6 months	Chief Constable
Paul Crowther	15-09-2009	Permanent appointment	6 months	Deputy Chief Constable
Alan Pacey	09-01-2006	Permanent appointment	3 months	ACC (Territorial Policing & Crime)
Stephen Thomas	01-07-2007	Permanent appointment	3 months	ACC (Central Operations)
David McCall	08-03-2004	Permanent appointment	3 months	ACC (Scotland)
Francesca Okosi	03-10-2011	22-06-2013	1 week	Director of Corporate Resources
Mark Newton	07-05-2012	31-12-2013	3 months	Temporary Director of Corporate Resources

The Strategic Command Team is an interim structure whilst a review of the structure of the Force is carried out.

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 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 members are paid from the BTPF funded by the PSA holders.

The salary of members and senior officers (audited)

	2012-13			2011-12		
	Salary	Bonus	Benefits in kind (to nearest £100)	Salary	Bonus	Benefits in kind (to nearest £100)
Members	£000	£000	£	£000	£000	£
Urmila Banerjee	30-35	-	-	30-35	-	-
Brian Phillpott	25-30	-	-	-	-	-
Lew Adams	15-20	-	-	15-20	-	-
Patrick Butcher	* -	-	-	* -	-	-
Howard Collins	15-20	-	-	15-20	-	-
Colin Foxall	# 10-15	-	-	15-20	-	-
Elizabeth France	15-20	-	-	15-20	-	-
David Franks	# 10-15	-	-	# 5-10	-	-
Michael Holden	15-20	-	-	15-20	-	-
Len Jackson	# 10-15	-	-	-	-	-
Bill Matthews	# 5-10	-	-	-	-	-
Wendy Towers	15-20	-	-	15-20	-	-
Anton Valk	15-20	-	-	# 5-10	-	-
Jeroen Weimar	15-20	-	-	# 0-5	-	-
* No salary taken						
# Full year equivalent £15k-20k						
Authority officers						
Andrew Figgures	100-105	-	12,300	100-105	-	9,300
Elizabeth Pike	100-105	-	15,100	100-105	0-5	15,600
Strategic Command Team						
Andrew Trotter	165-170	10-15	35,500	165-170	15-20	35,600
Paul Crowther	145-150	10-15	8,700	145-150	20-25◊	9,800
David McCall	110-115	5-10	11,200	95-100	-	23,700
Mark Newton	85-90	0-5	12,100	75-80	0-5	11,700
Francesca Okosi	30-35	-	3,300	55-60	-	5,800
Alan Pacey	115-120	10-15	10,400	100-105	15-20◊	20,700
Stephen Thomas	105-110	5-10	9,800	100-105	5-10	17,900

Bonus payments made in 2012-13 relates to performance related bonuses earned in 2011-12.

◊Bonus payments paid in 2011-12 relate to performance related bonuses earned in 2010-11 and 2009-10.

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.

Bonus payments

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the year prior to that reported, so that any bonus paid in 2012-13 relates to performance in 2011-12 and the comparative bonus paid in 2011-12 relates to performance in 2010-11.

As at 31 March 2013 no bonuses for 2012-13 will be paid.

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.

Performance pay

In accordance with the guidelines of the Police Negotiating Board, a performance management regime has been implemented, where objectives for the Strategic Command Team are agreed by the Authority. The performance development reviews are initiated at the year end by the Chief Constable for the Strategic Command Team and the Chief Executive for the Authority's Executive. These are assessed by the Police Authority's Appointments and Remuneration Committee. In line with the Winsor recommendations no bonuses will be paid this year.

Median pay (audited)

		2012-13	2011-12
Band of highest paid senior officer (including bonus and benefits in kind)	£000	215-220	220-225
Median total remuneration	£	£35,763	£35,796
Ratio		6.1	6.2

BTPA is required to disclose the relationship between the remuneration of the highest paid senior officer and the median remuneration of the Authority's workforce.

The banded remuneration of the highest paid senior officer in the Authority in the financial year 2012-13 was £215k-£220k (2011-12: £220k-£225k). This is the Chief Constable who is not the Accounting Officer for the Authority, but is an Additional Accounting Officer for BTP. This was 6.1 times (2011-12: 6.2 times) the median remuneration of the workforce, which was £35,763 (2011-12: £35,796).

In 2012-13 no (2011-12: zero) employees received remuneration in excess of the highest paid senior officer. Remuneration ranged for £14,862 to £160,143 (2011-12: £15,337 -£171,297).

Total remuneration includes salary, non-consolidated performance-related pay, benefits in kind as well as severance payments. It does not include benefits in kind relating to safeguarded travel as it affects a small proportion of total employees and does not affect the median. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The reduction in the median from 2011-12 to 2012-13 is caused by employees on higher grades leaving the Force and being replaced by employees at the bottom of the equivalent pay grade. There was no pay award for officers or staff.

Pension benefits

Railways pension scheme – for Authority and support staff

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

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

Medical retirement is possible in the event of serious ill-health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(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 four times pensionable salary and also provides a service enhancement on computing the spouse's pension, which depends on length of service.

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

Cash Equivalent Transfer Value (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 values at pension age as at 31/03/13		Real increase values at pension age		CETV at 31/03/13	CETV at 31/03/12	Real increase in CETV
	Pension	Lump sum	Pension	Lump sum			
	£000	£000	£000	£000			
Authority officers							
Andrew Figgures	0-5	5-10	0-2.5	0-2.5	91	58	33
Elizabeth Pike	5-10	5-10	0-2.5	0-2.5	102	74	28
Strategic Command Team							
Andrew Trotter	25-30	20-25	2.5-5.0	2.5-5.0	524	456	68
Mark Newton	45-50	65-70	2.5-5.0	2.5-5.0	711	653	58
Paul Crowther	Opted out of scheme 04-04-2012						
Alan Pacey	Retired from scheme 14-07-2012						
David McCall	Retired from scheme 01-09-2012						
Stephen Thomas	Retired from scheme 02-07-2012						
Francesca Okosi	Left BTP on 22-06-2012						

Compensation for loss of office (audited)

Francesca Okosi received the sum of £22,600 in connection with the termination of her employment with the Authority on 22 June 2012.

A.C. Figgures CB CBE

Accounting Officer

Date 15 June 2013

SUSTAINABILITY REPORT

Commentary on sustainability performance

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

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

The GGC sets out quantitative and qualitative targets to achieve by 2014/15, starting from a baseline year in 2009-10. The scheme requires:

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

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

Summary of performance

- Performance against GGC targets is summarised in Table 1. The changes from the 2009-10 baseline were:
 - a 0.1% increase in carbon emissions
 - a 42% reduction in business travel flights
 - an 11% reduction in waste
 - a 15% reduction in paper consumption
 - a 22% reduction in water consumption

Table 1: BTP's Performance against Greening Government Commitment Indicators (restated because of improved data collection)

		2009-10	2010-11	2011-12	2012-13	Change bet 2009-10 a 2012-13
Energy* and Travel	Greenhouse Gas (GHG) Emissions	8,642 tCO ₂	8,115 tCO ₂	8,613 tCO ₂	8,629 tCO ₂	-0.14%
Electricity**	Energy Emissions	9,213,910 kWh 5,014 tCO ₂	8,373,377 kWh 4,565 tCO ₂	9,074,375 kWh 4,761 tCO ₂	8,721,061 kWh 4,575 tCO ₂	-8.8%
Gas**	Expenditure	£1,151k	£850k	£1,022k	£1,037k	-£114k
	Energy Emissions	2,809,289 kWh 517 tCO ₂	1,974,092 kWh 366 tCO ₂	3,194,886 kWh 587 tCO ₂	2,977,655 kWh 547 tCO ₂	+5.8%
Business Travel and Fleet***	Expenditure	£147k	£117k	£148k	£137k	-£10k
	Rail	61.8 tCO ₂	60.2 tCO ₂	42.5 tCO ₂	85.4 tCO ₂	+38%
	Domestic Air	208 flights 29.5 tCO ₂	198 flights 24.6 tCO ₂	97 Flights 12.4 tCO ₂	120 Flights 15.3 tCO ₂	-42% -48%
	International Air	20.3 tCO ₂	7.1 tCO ₂	14.2 tCO ₂	12.1 tCO ₂	-40%
	Business Travel Expenditure	£550k	£412k	£341k	£450k	-£100k
	Fleet Fuel (Owned)	1,098,000 litres 2,929 tCO ₂	1,145,000 litres 3,065 tCO ₂	1,177,000 litres 3,151 tCO ₂	1,264,000 litres 3,38 tCO ₂	+15.6%
	Fuel Expenditure	£1,275k	£1,501k	£1,800k	£1,811k	+£515k
	Total Travel	3,028 tCO ₂	3,155 tCO ₂	3,211 tCO ₂	3,493 tCO ₂	+15.4%
Waste****	General Waste Weight	453 tonnes	311 tonnes	400 tonnes	405 tonnes	-10.6%
	General Waste Expenditure	£68k	£47k	£60k	£63k	-£5k
Water*****	Water use	35,449 m3	27,567 m3	28,086 m3	27,754m3	-22%
	Water Use/FTE	8.4M3/FTE	6.6m3/FTE	6.7m3/FTE	6.0m3/FTE	
	Expenditure	£77k	£70k	£79k	£80k	+£3k
Procurement	Office Paper	17,851 reams	16,577 reams	15,303 reams	15,200 reams	-14.9%

*Carbon emissions from oil use in tonnes of carbon dioxide (tCO₂) are included in the GHG emissions data.

**The occasional missing gas and electricity invoice, where no consumption data was then available, required back-estimation from the charged amount using a procedure that was internally audited.

***No data for travel on London Underground, taxis, buses, trams, coaches, mileage claims using grey fleet (staff's own vehicles) or Government Procurement Card. No data available for refrigerant gas consumption in air conditioning systems.

****Where waste tonnage data has not been available from a particular supplier, data includes back-calculations based on charges and calculated unit costs.

*****Water data includes some landlord's billed estimates which are pro-rata calculated from the site water bill, using occupied floor-space of the premises as a proportion of the overall metered area.

GHG emissions - buildings

The Authority occupies 140 leased properties across England, Wales and Scotland. Data on energy costs and kWh consumption was used to develop business cases for sustainability projects. Office space with an area of 1,692 m² at 140-144 Camden Street, London is being vacated and around 80 staff will move next door to FHQ Camden Road in June 2013. Space to receive these staff at FHQ was created by removing internal walls and reorganising the desk footprint. Energy and water costs should be cut by around £65k pa, whilst carbon emissions are expected to be reduced by 185 tonnes CO₂. This project will establish the space allocation and building design principles for further rationalisations of the built estate.

A budget of £250k was secured for energy efficiency projects in 2012-13. The approved projects will include more efficient control of air conditioning and lifts at FHQ, and lighting upgrades to LEDs for the whole force. As well as cutting electricity costs, re-lighting costs will also be significantly reduced. The aim is to cut revenue costs by £80k and cut carbon emissions by 423 tonnes. This will be a 5% cut in the organisations overall carbon emissions.

Staff in Cardiff were moved from Fitzalan House to Callaghan Square. This was expected to cut energy costs by £12.5k pa and reduce carbon emissions by 59 tonnes CO₂. New premises were opened in Maidstone Station, Kent and Neville House, Newcastle. There was a move from one portacabin in Nottingham to another. It is as yet unknown what increase in energy consumption, carbon emissions or costs these new premises may contribute. All lighting at Scotland AHQ, Cowcaddens Road, Glasgow was replaced with highly efficient LEDs. This is expected to reduce energy and maintenance costs by £15.5k pa, and cut carbon emissions by 33 tonnes CO₂. During the refurbishment of the 2nd and 3rd Floors at FHQ Camden Road, London, improvements were made to lighting control. Daylight sensors were installed next to windows to dim lighting during the day. Occupancy sensors were also installed in the meeting rooms so that air conditioning and lighting goes off when the room is not in use.

The PC replacement programme has replaced about 300 old desktop computers with newer models and reduced the power ratings, cutting revenue costs and saving 11 tonnes of CO₂. An audit has taken place of air conditioning units across all premises. This will then inform a programme for improved maintenance and control, to cut energy costs.

GHG emissions - fleet

Carbon emissions from the vehicle fleet were increased by 7.4% in 2012-13. The Authority has 570 owned or leased vehicles. The ongoing replacement programme uses the Home Office Procurement Framework set up by the National Association of Police Fleet Managers. This tends to replace vehicles with more fuel efficient ones. Fleet vehicle efficiency data is sent out each month to BTP Areas. During the year, areas were shown how to use this data to encourage drivers to enhance their use of vehicles.

GHG emissions - business travel

BTP daily polices over 10,000 miles of the national rail system, more than 2,500 national rail stations and 5.5 million passengers on national rail, London Underground and the Docklands Light Railway. This requires sizeable business travel by rail across England, Wales and Scotland. However there was a 32% more spent on rail travel. 2012-13 air travel spend has decreased by 12% from the previous year and since 2009-10 there has been a 45% drop. The number of domestic air journeys remains 42% down on 2009-10.

Waste

The Go Green logo was launched in February 2013, supporting a request to staff to adopt the e-payslips system and end the printing and distribution of monthly payslips. Go Green will also be used to brand other sustainability initiatives, so raising staff awareness about links between going green, saving money and reducing corporate risk.

A new mobile phone (and Blackberry) and phone battery disposal contractor has been sourced by the Communications team. Disposal is now compliant with the Waste Electrical and Electronic Equipment Regulations, which means that Waste Transfer Notes are provided on disposal of equipment to guarantee that the waste is being disposed of legally. BTP also must sign these Waste Transfer Notes confirming that the equipment could not be reused within BTP, in line with the waste hierarchy set out in the Waste Regulations 2011. GGC requires a 25% reduction in paper consumption by 2014/15. Paper consumption has been reduced by 15% over the first three years of the programme.

Water

GGC targets require an absolute reduction in water consumption. Between 2009-10 and 2012-13, a 22% reduction has been achieved, or 7,965 m³. Building rationalisation at London FHQ properties resulted in 2,327 m³ of water saved.

In 2012-13, there were 3 best practice premises (8.3%), 4 good practice (11.1%) and 29 poor practice ones (80.6%). This is an improvement on the baseline data from 2009-10 in 3 premises, and a decline in another. Average water efficiency in metered premises was 7.0 m³/FTE (use per full time equivalent staff member) in 2012-13. This is a change of 47% reduction from the baseline year in 2009-10.

Sustainable procurement

A multi-functional device (MFD) procurement programme is under way. A print audit has been carried out to identify potential savings at a set of sample sites, including one in BTP's London Underground Area. This will provide information that will form the basis of a new tender document. The procurement is fully compliant with the Government Buying Standards for MFDs, a requirement under GGC. This means the parts are fully recyclable at the end of their life. Electricity, printer ink and paper costs may be saved if "pull" strategies are chosen to ensure unwanted documents are not printed by accident or out of habit. The Display Energy Certificate contract was tendered for a 4-year period, to save about £5k per annum.

Governance

The Sustainability manager has been relocated from the Corporate Services Support team (Estates) to the Corporate Resources Business team, which is more focused on business change management. This has given sustainability a higher profile within BTP and makes organisational change easier.

The following key performance indicators were approved and support quarterly reporting of GGC targets:

- Carbon emissions from energy and transport fuel
- Waste weight
- Water volume per full time equivalent employee
- Paper use in offices

Future initiatives

The London Mayor's Re:FIT programme is being investigated to increase the energy and water efficiency of the built estate. Waste management storage and transport processes will be reviewed. Government buying standards will be embedded into procurement contracts. Data will be requested on energy and fuel consumption from major contractors carrying out core services for the force. Options for vehicle fleet sustainability are under review.

GOVERNANCE STATEMENT

Accounting Officer's introduction to corporate governance

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 Authority Chair and I, as Chief Executive of the Authority, meet 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 the Secretary of State and her team on a regular basis. The Governance statement sets out the way in which the Police Authority works and the Committees and processes which are in place to ensure that the Authority discharges its responsibilities to the Secretary of State.

The Structure of the Police Authority

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

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

In discharging these functions the Authority bases its decisions on:

- the requirements of passengers, staff, other rail users and stakeholders in relation to personal security and policing
- the professional advice from the Chief Constable
- the commercial and operational challenges of the rail and train operating companies and their priorities for policing;

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

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

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

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

Details of the members are set out on pages 4 to 9 of the Management Commentary

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

Member name	Percentage on meetings attended	Number of full Authority meetings eligible to attend	Number of Authority meetings attended
Members as at 31 March 2013			
Urmila Banerjee	100%	6	6
Brian Phillpott	100%	6	6
Lew Adams	100%	6	6
Patrick Butcher	83%	6	5
Howard Collins	67%	6	4
Elizabeth France	100%	6	6
Michael Holden	83%	6	5
Len Jackson	67%	6	4
Bill Matthews	75%	4	3
Wendy Towers	100%	6	6
Anton Valk	100%	6	6
Jeroen Weimar	83%	6	5
Members who left during the year			
Colin Foxall	75%	4	3
David Franks	50%	4	2

Executive Team

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

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 Corporate Resources and BTP's Head of Finance to ensure that the financial affairs of the Authority and the Force are properly administered and financial regulations are observed and kept up to date.

How the Authority Works

Each year the full Authority:

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

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

Standard decisions to be made through the year:

- Approve a budget, strategy and medium term financial plan in December of each year
- Approve a policing plan in March
- Approve annual accounts for signoff by the Accounting Officer in June.

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

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

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

During the year the Authority made the following key decisions:

- The Authority approved the use of £1.6m of the under spend against budget in 2012-13 to reduce the charges for the overground PSA holders in 2013-14.
- The assumptions and the results of the valuation of the Police Staff Pension scheme were agreed with the Trustee of the scheme.
- The financial scheme of delegation was refreshed and the Cabinet Office required authorisations were incorporated in these delegations.
- The governance of the Authority was reviewed and the revised Committee structure was approved. This will be effective for 2013-14.
- After consultation with the overground PSA holders and approval by the Secretary of State for Transport, a newly worded Police Service Agreement was agreed. This is in place from 1 April 2013.
- A revised PSA with TfL was negotiated, incorporating all the enhanced PSAs. The agreed draft was submitted to the Department for Transport for approval.
- The overall budget for the PSA charges was increased by 1.8% for 2013-14.

The Authority also maintains three standing committees, which are:

- Audit Committee
- Professional Standards Committee
- Appointments and Remuneration Committee

Throughout the year groups established by the Authority take place. These are supported by the Executive and BTP staff. The purpose of these groups is to lead the preparation of material and the framing of discussions and decisions prior to the Authority meetings and on behalf of the Authority act as sponsor to the work theme. There are five groups that will operate through each Authority business cycle. Other groups may be formed where there is a clear need. The terms of reference for these ad hoc groups will be approved by the Authority. The Groups in operation during 2012-13 were the Strategy group; the Strategy steering group; the Finance group; the Performance review group; the Policing plan group and the Pensions working group.

The purpose of the Audit Committee is to:

- Keep under review and advise the Authority on all matters relating to the internal and external audit of the Authority. To provide an opinion on the effectiveness of the monitoring processes and whether reliance can be placed upon all internal control systems.
- Assess and recommend to the Authority action in respect of:
 - The effectiveness of financial management, internal business processes and control systems.
 - The performance, effectiveness of and results from the Authority's audit arrangements, both internal and external (including HMIC).
 - The implementation of agreed audit-based recommendations from any management letters received from internal or external auditors.
 - The accounting policies and the accounts, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors.
 - The Authority's plan for risk management, business continuity (including disaster recovery) and the strategic processes for risk, control and governance and the Governance Statement.
- To decide and agree
 - The planned activity for internal audit, including the arrangements for and the appointment of the Authority's internal auditors.
 - The annual Internal audit Plan.
 - The Force's policies on fraud, irregularity and corruption, and to monitor the effectiveness of such policies.

During the year the Audit Committee scrutinised and agreed the accelerated year end timetable to comply with the whole Government accounting and undertook a detailed review on the controls surrounding the employment and re-employment of staff and the impact of the tax legislation on pension payments made to staff.

The Appointments and Remuneration Committee has delegated responsibility from the Authority to approve the remuneration packages and performance related pay for executive appointments at the Authority and chief officers and equivalents at BTP. In regards to police officer and staff terms and conditions below the chief officer rank, the Panel is given the responsibility of reviewing the detail and making recommendations to the full Authority. It currently has no delegated powers to approve proposed terms and conditions changes for officers and staff.

The purpose of this Professional Standards Committee is to:

- Oversee the work of the Professional Standards Department and to make appropriate recommendations to the Chief Constable
- Review progress of cases/complaints that are under investigation
- Track trends in relation to public complaints, non complaint investigations and investigations into civil claims and internal matters conducted by the Professional Standards Department (PSD) and make recommendations as appropriate
- Satisfy itself as to the operation of the Complaints and Discipline processes within the Force
- Investigate and deal with any allegations, report and complaints about the conduct of officers of ACPO rank in accordance with appropriate regulations and to consider all matters relating to discipline against ACPO rank officers, within police regulations and report to the Authority as appropriate. For the purpose of conducting these matters a subcommittee of a minimum of three members may be formed and will report to the Authority as appropriate.
- Monitor the mandatory requirement for referral of cases
- Monitor the output from the independent custody visiting scheme and escalate any issues as appropriate

The overall aim of the working groups is to allow a small number of Members to work closely with the executive and the Force to scrutinise specific areas of interest to enable recommendations to be made to the full Authority. They have delegated powers of approval. The aims of each of the working groups are set out below

The **Strategy group** is responsible for ensuring the Authority and BTP has an up to date three year strategy and ensuring that stakeholders are consulted during its preparation. An additional group, the Strategy steering group was set up during the year to review in detail and propose the strategy for the Authority.

The **Finance group** supports the Authority in setting a budget and capital programme and in assessing financial performance during the year. It also scrutinises the PSA charges calculated through the charging model to ensure they have been calculated correctly

The **Policing plan group** ensures the translation of the three year strategy into an annual policing plan. It determines with BTP the necessary metrics required to monitor performance against this plan and seek approval from the Authority.

The **Performance review group** is responsible for supporting the Authority in agreeing and assessing police performance on KPIs. It ensures that there is consultation with statutory stakeholders in matters relating to the policing plan.

Risk management

Approach

Risk management is embedded in the management of the Authority and supported by the Authority Finance Director and a professional risk manager within BTP. This approach is underpinned by a policy and standard operating procedure as well as a risk reporting regime that is available to all employees. Risks are assessed against their potential impacts on safety, finance, performance and reputation on a four-point scale and are considered from both operational and strategic perspectives.

Risk appetite within the Authority is defined by the ability of individual departments to manage risks without recourse to other parts of the organisation rather than by set escalation criteria. Risks are monitored through risk registers which are reviewed through the senior management Team structures throughout the Authority. The Force management team review both strategic and operational risks on a quarterly basis. The Strategic risks are then reviewed quarterly at Audit committee meetings alongside the Authority's Strategic risks. These are also presented on a quarterly basis to meetings of the full Authority. The quarterly summary of risks is presented to the Department for Transport sponsorship team and consolidated into the overall Department risk register.

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Principal risks

Strategic risks are rated as high, medium or low dependant on their impact and likelihood. The Authority has considered the risks and during 2012-13 the major risks faced are summarised in the following table:

Thematic risk	Narrative
Police Service Agreements	The Authority is required to establish new Police Service Agreements for introduction in time for 2013-14. The threat of failure is a high priority for the Authority and work to develop and agree the new PSA has continued throughout 2012-13. A draft copy of the new PSA was sent for consultation with the rail industry and the responses reviewed by the Authority on 29 March 2012. The Authority considered the responses and where possible made changes to the draft. The PSA was agreed by the Secretary of State in January 2013 and was issued to all relevant PSA holders for signature in March 2013. At the time of writing this report, all have been signed and sealed.
Charging model	Associated with the new PSA is the implementation of a standard mechanism for charging the rail industry for the police services that they receive. Development of the replacement model based on the existing Matrix model has continued throughout 2012-13. Consultation with the rail industry took place and the Authority agreed in 2011-12 to continue to use the Matrix model. The core charges for 2013-14 were all calculated by mean of the matrix model. At the time of writing the report all invoices are being paid and no disputes have been raised.
Pension funds	The Authority has responsibility for overseeing the management of police officer and police staff pension funds. These funds are managed separately in recognition of the significantly different contribution rates and benefits related to police officer and police staff pensions. The Authority manages these risks through a Pensions Working Group. This group proposed new governance arrangements for the police officer pension fund to Authority membership in May which were agreed, and resulted in a new investment strategy which has been accepted by the pension fund trustees. Both the governance and the investment strategy have been introduced during 2012-13. The police officers pension fund is being valued as at 31 December 2012, the previous valuation showed a funding deficit of £36 million and a recovery plan was agreed with the Trustee of the Scheme. It is not expected that the deficit as at 2012 will be materially different from the 2009 valuation.

Comment [73]: As at 16 may, West Coast is outstanding

Comment [74]: Need to ensure this statement is still correct when filing accounts

<p>Unauthorised pension payments</p>	<p>During 2012-13 it was identified that eighteen Police Officers had retired and been re-employed in substantially different roles. A change in tax legislation which provided a break in service of one calendar month or six calendar months depending on the new role and the age on retirement was stipulated. If these conditions were not met the pension payable could be deemed to be taxable. The Authority has agreed the treatment of these payments with the HMRC and the Treasury have approved the payments to be made on behalf of the individuals. Compromise agreements have been signed with the individuals involved. Payments of £217k were made during 2012-13 and a further accrual of £151k and a further provision of £500k has been provided for the estimated total liability to 2015-16. Controls on recruitment and re-employment have been implemented during the year.</p>
<p>Police and Crime Commissioners</p>	<p>During the year, Police Authorities in the Home Office have been replaced by Police and Crime Commissioners (PCCs). The Authority need to manage the expectations of the PCCs to ensure that the resources can deliver what is being requested</p>
<p>The 2012 Olympic and Paralympic Games</p>	<p>The impact of the 2012 Games on BTP had been recognised at an early stage and detailed planning over several years ensured that BTP was fully prepared for the Games. Mutual Aid across BTP meant that all Areas were able to support the transport policing requirement at the same time as delivering business as usual policing on the rest of the network. Control Room capacity was boosted for the duration of the Games by reallocating resources to support identified requirements, and limitations on abstractions through annual leave and training were imposed.</p> <p>The level of preparation for the Games was vindicated by the entirely successful delivery of Games transport policing alongside business as usual duties. Following the Games, the legacy issue of outstanding annual leave entitlement is being managed by a combination of allowing employees to 'sell' leave entitlement back to BTP or to take a higher proportion of annual leave for 2012 in 2013 than would normally be the case. The lessons learned from the Games will influence planning for the forthcoming 2014 Commonwealth Games in Scotland, albeit at a smaller scale.</p>

<p>Ability to respond to terrorist attack</p>	<p>2012-13 was the first full year in which BTP had the capability to have officers equipped with firearms on active patrol at key locations. This was an important part of the strategy that sought to deliver a safe and successful Olympic and Paralympic Games.</p> <p>In the absence of any incidents requiring an armed response, Accredited Firearms officers are required to maintain a high level of training to enable them to respond as required. Work to address the issue by which BTP officers are unable to be collectively licensed to carry firearms (instead individual officers are licensed by the Home Office force with responsibility for their home address) is in progress.</p>
<p>Winsor review</p>	<p>The Police Arbitration Tribunal (PAT) recommended the adoption of a number of changes to Police officer pay and conditions following publication of Part 2 of the Winsor Review in March 2012. These changes were endorsed by the Home Secretary and implemented by Home Office police forces from 1 April 2013.</p> <p>Consideration of the implications of the second part of Winsor for BTP continues between BTP, BTPA, Police Federation and the Superintendents' Association, and direction on the approach that will be adopted across BTP is expected during 2013-14. This is complicated by the decision of the Scottish Government not to implement the recommendations for the new single police force for Scotland.</p>
<p>Theft of conductive metals from the railway</p>	<p>The theft of conductive metal from the rail network remained a high priority for the Authority throughout 2012-13. Working in partnership with the rail industry, the Authority has achieved a reduction in metal theft of approximately 50%. This is led by a comprehensive programme of operational activity.</p> <p>As well as the rail industry the Authority works in partnership with other partners affected by conductive metal theft including BT and the Highways Agency. BTP takes an active part in the ACPO working group on metal theft.</p> <p>A significant change in legislation that outlawed cash transactions for scrap metal in November 2012, and a further piece of legislation, the Scrap Metal Dealers Act 2013 has received Royal Assent ahead of full implementation in Autumn 2013.</p>

Financial uncertainty	The Authority recognises the ongoing uncertainty affecting the wider UK economy and the pressures this places on partners in both the policing and rail industries. This is recognised in the Medium-Term Financial Plan which is updated each year to include current threats and challenges as they become apparent. This supports the longer term Strategic Plan which is aligned to Network Rail's Control Period 5.
Scotland Act	The Police and Fire Reform (Scotland) Bill introduced by the Scottish Government in 2012 represented a significant threat to BTP in Scotland as the original draft made no provision for the continuation of policing powers for BTP officers in Scotland. The Authority collaborated on a joint response to the initial consultation, and worked with their lawyers to ensure that a Section 104 Order under the Scotland Act was enacted in time for the implementation of the Single Police Service for Scotland on 1 April 2013.
Legislative anomalies	As a police service falling under the remit of the Secretary of State for Transport rather than the Home Secretary, BTP together with other non-Home Office police forces is sometimes overlooked when legislation affecting the powers of police forces is drafted. Specific examples include the ability to license firearms officers as noted above and the power to require registered owners of vehicles to provide information under the Road Traffic Act. The Authority has recognised that there is a need to address these issues as a piece, and have started a review of where legislative anomalies create a threat. This piece of work will prioritise identified threats on a risk informed basis, and allow escalation to the DfT as appropriate.

Commentary on internal control

The Authority's internal auditors, Tribal, have a specific brief to take a risk based approach to auditing. An annual plan was agreed by the Authority. The planned work for 2012-13 has been carried out. All areas of weakness identified are addressed through management action plans.

The requirement for the Authority to complete and return the DfT Management Assurance Return on a half-yearly basis was retained during 2012-13. The Authority use the work associated with completing this return as a basis to identify potential weaknesses in systems of internal control which inform the planning of the annual internal audit plan.

Whilst considerable progress has been sustained throughout the year, and the robustness of the assurance has been improved, further work is

planned to encourage continuous improvement and prevent risk-averse attitudes undermining achievement of objectives. BTP established an Integrity and Compliance Board, which has significantly strengthened both the pro-active and also the reactive actioning and monitoring of the internal control arrangements. Internal audit and the NAO are consulted on all significant proposed changes.

Data security issues

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

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Conclusion

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control and compliance with the Corporate Code of Governance for the Authority. My review is primarily informed by the work of internal audit, by the management assurance reporting of the Authority Finance Director and the executive managers in BTP who are responsible for the development and maintenance of the internal control framework and by comments made by external auditors in their management letter and other reports. The Chief Constable as Additional Accounting Officer has written to me at the year end confirming that all managers who have been provided with delegated responsibility have understood and fulfilled their responsibilities with regard to the operating cost budget.

The 2012-13 annual internal audit report has stated that during the financial year there had been significant strengthening of the internal control framework throughout the Authority. It stated that the Authority as committed to achieving high levels of transparency and accountability in all aspects of the operations and systems. On the basis of the evidence obtained during 2012-13, our internal auditors were able to provide an overall reasonable assurance rating on the adequacy and effectiveness of the Authorities arrangements for corporate governance, risk management and internal control.

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

Having reviewed the evidence provided to me by the management assurance exercises, the risk registers, the summary annual 2012-13 report presented by the internal auditors and the external audits of the fund, I am satisfied that the Authority has maintained a sound system of internal control during the financial year 2012-13.

A.C. Figgures CB CBE
Accounting Officer
Date 15 June 2013

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 2012 under the Railways and Transport Safety Act 2003. The financial statements 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. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the British Transport Police Fund's affairs as at 31 March 2012 and of the net deficit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Railways and Transport Safety Act 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 made under the Railways and Transport Safety Act 2003; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

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