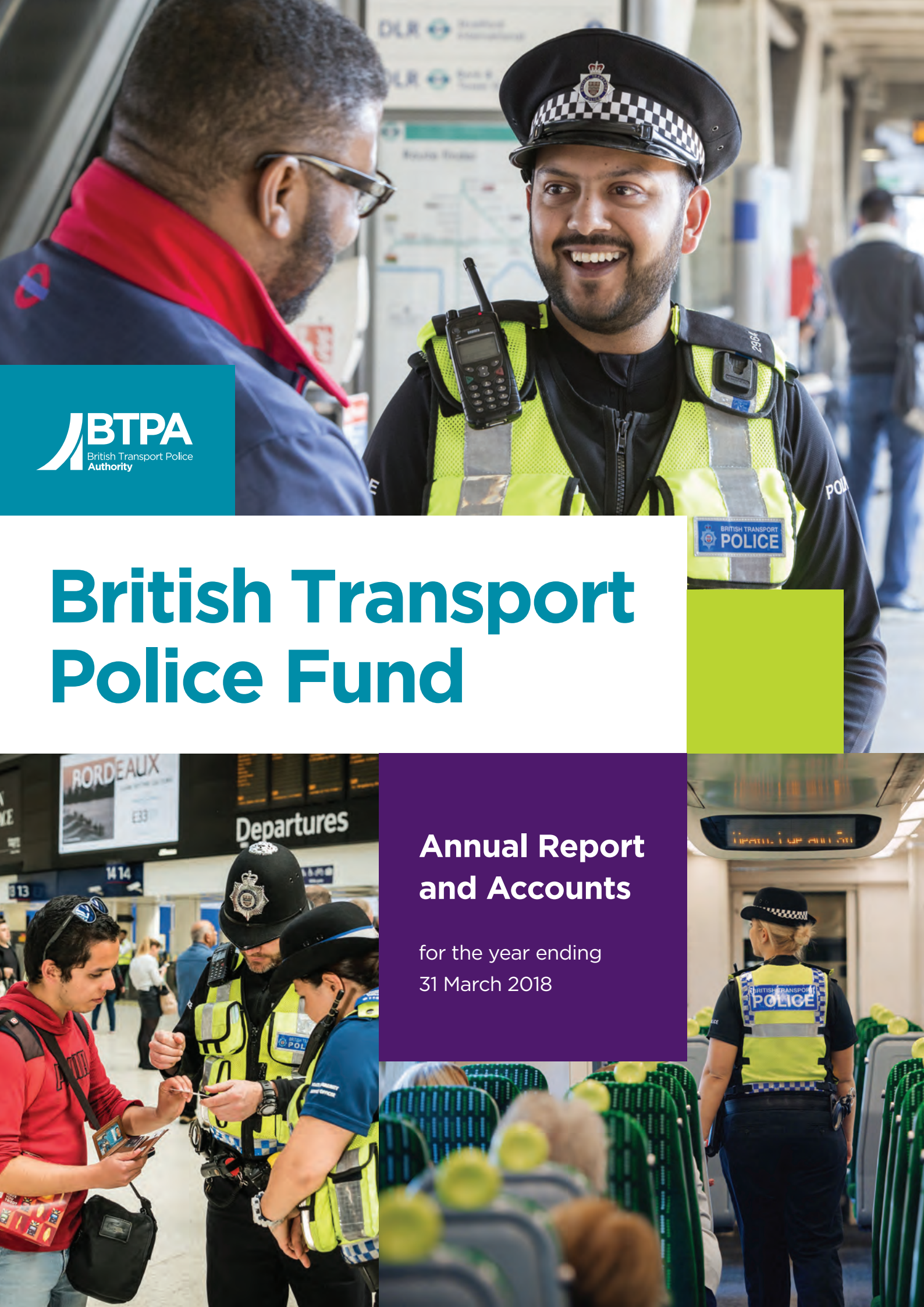




# British Transport Police Fund

## Annual Report and Accounts

for the year ending  
31 March 2018



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# British Transport Police Fund

## Statement of Accounts

**for the year ending 31 March 2018**

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

Ordered by the House of Commons to be printed 23 July 2018

HC 1329 SG/2018/89

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BTPA, The Forum, 74-80 Camden Street, London NW10EG

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A background image showing a man in a high-visibility orange and blue vest with a 'DLA' logo, and a police officer in a dark uniform and cap. They are standing on a city street with a red bridge structure in the background. The text 'Contents' is overlaid in a large, bold, yellow font.

# Contents

## 1 Performance Report

07

### Performance Overview

08

Chair's Statement

08

About Us

10

Principal Risks And Uncertainties

12

Performance Summary

14

### Performance Analysis

19

Operational Analysis

19

Financial Analysis

24

Sustainability Report

28

## 2 Accountability Report

33

### Corporate governance report

34

Directors' Report

34

Statement Of Accounting Officer And

Additional Accounting Officer's Responsibilities

46

Governance Statement

47

### Remuneration Report

54

### Parliamentary Accountability And Audit Report

69

Losses/Special Payments

69

The Certificate And Report Of The Comptroller And  
Auditor General To The Houses Of Parliament

70

## 3 Financial Report

75









Network Rail

1

# Performance Report

## Performance Overview

Chair's Statement

About Us

Principal Risks And Uncertainties

Performance Summary

## Performance Analysis

Operational Analysis

Financial Analysis

Sustainability Report





## Performance Overview

# Chair's Statement

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**The following report and accounts detail the progress of the British Transport Police (BTP) over the last year in meeting the objectives set by the British Transport Police Authority (the Authority). While continuing to face increasing passenger numbers and unprecedented operational challenges, the BTP also experienced a year of transition from the numerical targets of the 2013-2019 Strategy to a more comprehensive framework of policing performance.**

The BTP's previous strategy expected a reduction in crime by 20%, a reduction in disruption by 20% and an increase in staff and passenger confidence by 10%. It became clear that an adjustment was needed so that the strategy focused on those crimes that cause greatest threat to people travelling and working on the railway network, rather than on volume crime.

Working with stakeholders, the Authority decided to move away from numerical targets and have since adopted an approach where performance is assessed against a wide range of measures, leading to a more comprehensive overview of performance.

With support from our industry partners, the Authority has developed a broader performance framework and a new style of Policing Plan. Performance is now assessed and graded against a range of Policing Pillars and Commitments

and the BTP is focusing upon the key strategic objectives of reducing crime, minimising disruption and increasing staff and passenger confidence, while using our resources wisely to deliver value for money.

The crime rate per million passengers across the railway and underground network remains low, but the force has seen an increase in crimes reported. This increase can be contributed to advances in BTP crime reporting methods, including the innovative 61016 text service, which has seen a huge spike in usage over the last year and allows the BTP to be more accessible to the public.

Reducing delays and disruption continues to be a challenge for BTP. Officers and rail staff were involved in more than 1,900 life-saving interventions last year, while trespass was the main contributor to disruption. Preventing trespass and keeping handback times to a minimum continues to be a priority for the British Transport Police.

The BTP has also been involved in a number of high profile terrorism incidents across the UK, where our officers were key responders. Those officers not only provided specialist skills and capabilities, but went above and beyond in terms of personal service during incidents in Manchester and London. In 2016/2017, an additional £3.5million was made available by the Authority to enhance these specialist



capabilities and activities, which have been received well by partner agencies. For the specific purpose of supporting this growth, the Department for Transport made available over £2m of funding.

The year ahead will see the launch and implementation of the Authority's 2018-2021 Strategy, which will be delivered through the Force's BTP2021 programme. I have received positive feedback from the industry so far, as well as high engagement from staff and officers who are enthusiastic about delivering the new plan going forward.

Important progress has been made in Scotland and we will continue to work with the Scottish Government and partners on their plans to devolve BTP functions to Police Scotland. Our priority will be the transfer of BTP officers and to ensure they are supported throughout the changes.

Mark Phillips assumed the responsibilities of Chair on an interim basis in April 2017, before I took over in February 2018. Mark was a highly effective Chair and he continues to make a significant contribution as Deputy Chair.

The Authority has seen various successes and challenges in the last year but we are now in a good position to move forward and implement our new strategy in order to continue protecting people, reduce disruption and provide a dedicated and skilled specialist workforce for the railway.

I would like to thank the Chief Constable, officers and staff of the British Transport Police for all their hard work and commitment, and also the rail industry for all its support over the last year.



**Ron Barclay-Smith**  
Chair



# About Us

## A Strategic Overview

### Who we are

The British Transport Police Authority (BTPA or the Authority) is an executive non-departmental public body of the Department for Transport (DfT) established on 1 July 2004 under the Railways and Transport Safety Act 2003.

### What we do

We are an independent body responsible for overseeing the work of the British Transport Police (BTP) - the national dedicated police force for the railways. There are fourteen members of the Police Authority who provide knowledge and experience of issues that concern passengers, the railway industry and railway employees. The members currently meet four times a year to set British Transport Police strategy, medium term financial plans and annual budgets, monitor its operations and allocate funds for its budget. Members also carry out supporting business in committees and working groups, the current structure includes;

- Audit and Risk Assurance Committee
- Appointments and Remuneration Committee
- Strategy and Planning Committee
- Performance and Delivery Committee
- Policing Plan Group
- Pensions Working Group

### Our vision

To work with industry partners and stakeholders to deliver a safe, secure, reliable and expanding transport system.

### Our mission

Our mission is to protect and serve the railway environment and its community, keeping levels of disruption, crime and the fear of crime as low as possible whilst demonstrating value for money.

### Our values

The values and behaviours required to execute our Strategic Plan and achieve the organisational changes necessary to deliver our ambitions and objectives are;

#### Customer-focused

- Being responsive to the needs and demands of our stakeholders and committed to delivering the very best levels of service

#### Integrity

- Acting with honesty and authenticity

#### Respect

- Demonstrating respect and understanding

#### Common sense

- Taking a sensible and practical approach; challenging bureaucracy

### Trust & Confidence

- Promoting confidence in BTP and the police service; providing reliable and consistent quality of service

### Determination

- Always striving to achieve the best results for the railways, the public and BTP

### Professionalism

- Providing smart, skilled and consistent service at all times, representing BTP in the best light

### Pride

- Taking pride in working for BTP and serving the community



Our ambition is to make a step change in the quality and efficiency we achieve in delivering our services."

## Our ambition and objectives

Our ambition is to make a step change in the quality and efficiency we achieve in delivering our services. In 2013 this was translated into the following strategic objectives for 2019:

### Keep transport systems running

- Reduce minutes lost by police-related disruption by at least 20% on the 2012/2013 outturn figure, measured in customer hours for TfL and LUL

### A safe and secure railway

- Reduce crime on the railway by at least 20% on the 2012/2013 outturn figure

### Promote confidence in use of railway

- Increase passenger confidence with personal security on trains and on stations by at least 10%, measured via the Spring 2013 National Passenger Survey and a measure agreed with TfL and London Underground

### Deliver value for money

- Achieve the targets above within a Medium Term Financial Plan with annual cost increases within RPI

2017/2018 has been a transitional year in terms of our Strategic Plan and this annual report is the last time we will report progress against the objectives in our 2013-2019 Strategy. With support from our stakeholders we moved away from a focus on the numerical targets set as part of the Strategy to;

- Reduce crime by 20%
- Increase confidence by 10%
- Reduce disruption by 20%
- Deliver value for money

Instead we adopted an approach where performance is still assessed against our priority themes of crime, disruption and confidence but is done using a wider range of measures, leading to a more comprehensive overview of performance. This change also led us to develop a new style of Policing Plan for 2017/2018. While there continues to be focus on the key strategic themes of tackling crime, disruption and improving confidence, performance is now assessed and graded against a range of Policing Pillars and Commitments.





# Principal Risks And Uncertainties

To achieve our vision we must identify key risks and uncertainties that exist, and put into place a plan to mitigate or manage those risks. The identification, evaluation, management and monitoring of the most significant risks is the responsibility of the Authority.

The principal risks and uncertainties facing the Authority are reviewed on a regular basis, and a snapshot of those current at the end of 2017/2018 financial year are as follows:

Risk	Mitigation tactics	Trend
<b>Failure to defeat a terrorist attack on the railway</b>		< >
<b>Potentially arising from:</b> <ul style="list-style-type: none"> <li>Inadequate capacity and capability</li> </ul>	<ul style="list-style-type: none"> <li>Increase in counter-terrorist (CT) resourcing and activity (Birmingham CT hub went live 25 May 2018)</li> <li>Exercising and testing of CT capability</li> <li>Integration into the wider CT community</li> </ul>	
<b>Inability to demonstrate efficiency and effectiveness</b>		^
<b>Potentially arising from:</b> <ul style="list-style-type: none"> <li>Inability to achieve strategic objectives because of significant elements being outside of BTP control</li> <li>Inconsistent workforce planning practices</li> <li>Failure to collaborate with other Forces</li> <li>Lack of planning for efficiency</li> <li>Lack of tracking benefit realisation</li> <li>Weaknesses in back office processes and controls</li> </ul>	<ul style="list-style-type: none"> <li>Active engagement to let stakeholders know about the efforts being taken to meet our targets</li> <li>Ongoing demand reviews</li> <li>Development and implementation of efficiency plans and challenge processes, including identifying collaboration opportunities (efficiencies of £17.4m delivered in 2016/2017 and 2017/2018)</li> <li>Completion of financial transformation programme</li> <li>Maintain strong focus on benefits realisation through portfolio, programme and project management arrangements</li> </ul>	
<b>Failure to engage with external developments</b>		< >
<b>Potentially arising from impact of, e.g.:</b> <ul style="list-style-type: none"> <li>The devolution of BTP activities in Scotland</li> <li>Infrastructure policing changes</li> <li>Implementation by Home Office of Emergency Services Mobile Communications Technology</li> </ul>	<ul style="list-style-type: none"> <li>Active engagement with external initiatives</li> <li>Vigorous impact assessments, and early communication of potential impacts to DFT, wider Government and other stakeholders</li> <li>Escalation of risks where necessary</li> <li>Horizon scanning to identify potential threats and opportunities and their implications</li> </ul>	

Risk	Mitigation tactics	Trend
<b>Loss of stakeholder confidence</b>		< >
<b>Potentially arising from:</b> <ul style="list-style-type: none"> <li>• Failure to achieve strategic objectives</li> <li>• Arrangements for charging the industry</li> <li>• Adverse publicity</li> </ul>	<ul style="list-style-type: none"> <li>• Active stakeholder engagement and consultation on plans, priorities, targets and, where appropriate, charging arrangements</li> <li>• Continue to conduct and act on passenger and stakeholder surveys</li> <li>• Early and regular communication to the industry of charges</li> <li>• Develop media handling plans for potential areas of adverse publicity</li> </ul>	
<b>Failure of Employer's Duty of Care</b>		< >
<b>Potentially arising from:</b> <ul style="list-style-type: none"> <li>• Weaknesses in health and safety arrangements and overarching governance</li> <li>• Reactive safety and wellbeing function</li> <li>• Insufficient Occupational Health (OH) provision owing to national shortage of OH advisors</li> </ul>	<ul style="list-style-type: none"> <li>• Review of health and safety policy and practice</li> <li>• Strengthened governance to ensure compliance with internal policy</li> <li>• Occupational health provision through use of agency staff</li> <li>• Delivery of annual plan and audit programme for health and safety</li> <li>• Proactive focus on safety and wellbeing of employees</li> </ul>	
<b>Non-compliance with management of police information requirements, Data Protection Act 1998 and General Data Protection Regulation (GDPR)</b>		∨
<b>Potentially arising from:</b> <ul style="list-style-type: none"> <li>• Inadequate information management strategy and supporting records management policies and processes</li> <li>• Non-compliance with current internal policies and processes</li> </ul>	<ul style="list-style-type: none"> <li>• Updated approach to information management including a review of the strategy, policies and procedures and their application</li> <li>• Training for staff handling information and maintaining records</li> <li>• Recovery plan to ensure electronic records are being properly managed and stored</li> <li>• Strengthened governance via the Information Management Board</li> </ul>	
<b>Resilience to cyber attack</b>		∨
<b>Potentially arising from:</b> <ul style="list-style-type: none"> <li>• Increased risk to national security systems from hackers, malware and viruses.</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthened systems architecture to protect against unauthorised access.</li> <li>• Updated governance and processes to ensure internal controls are adhered to</li> </ul>	
<b>Sub-optimal devolution of policing powers to Scotland</b>		∨
<b>Arising from:</b> <ul style="list-style-type: none"> <li>• Inadequate devolution project management</li> <li>• Insufficiently robust arrangements to ensure the maintenance of effective operational policing in Scotland and across the border</li> <li>• BTP not ready to adopt to new cross border arrangements after devolution</li> </ul>	<ul style="list-style-type: none"> <li>• Proactive participation in the joint project board</li> <li>• Audit of devolution plan to ensure realistic and achievable</li> <li>• The development of a police model to ensure the successful continuation of policing arrangements after devolution</li> </ul>	



# Performance Summary

## Key Achievements

In reviewing the in-year performance it is important to reflect that 2017/2018 has been a transitional year with a shift in the focus of our strategy and annual Policing Plan. In its final year the 2013-19 Strategy moved away from evaluating success via numerical targets to an approach where performance is assessed against a wide range of measures, resulting in a more comprehensive overview of performance.

While there have been operational performance challenges during 2017/2018 the risk of being a victim of crime has been kept under control with crime rates per million passenger journeys remaining low across the railway. Much work has also been done during the year to address a range of issues which affect rail disruption and staff and passenger confidence. Full details of BTP's performance can be found in the Performance Analysis section.

This section sets out the main activities, achievements and challenges in 2017/2018, as defined by our strategic and annual operational objectives.

The Authority's interim Strategy set out four key strategic objectives for the year 2017/2018, these were to:

- Reduce crime on the railway
- Reduce minutes lost to police related disruption
- Increase passengers and staff confidence
- Deliver value for money

The new Policing Plan published by the Authority for 2017/2018 represented a step-change in the way that we measure performance, to a more comprehensive approach which provides a richer understanding of how the force is really performing.

Performance is now assessed and graded against a number of Policing Pillars linked to our strategic priorities and is underpinned by a series of National and Local Commitments as set out in our annual Policing Plan.

Performance is graded by the BTP against a suite of key indicators and measures, a process scrutinised by the BTPA, using scores ranging from 1 where immediate action is required to 4 where there is an excellent level of performance across all measures. This all combines to better demonstrate the wide range of ways in which the Force deploys its resources to address the priorities of passenger, staff and industry stakeholders.



The new Policing Plan published by the Authority for 2017/2018 represented a step-change in the way that we measure performance."

Policing Plan Pillar	Result	National Commitment 2017/2018	Headline Commentary
<b>Strategic Objective: Reduce crime</b>			
<b>Counter Terrorism</b>	<b>Result: 3 Good level of performance across all measures</b>	To identify the most likely points of impact from terrorism and ensure that the Force has effective tactical options and plans in place.	<p>There have been a number of high profile terrorism incidents in 2017/2018 to which the BTP has been a key responder. The BTP has conducted over 80 counter terrorism exercises during the year, which have enhanced the Force's response and preparedness for these incidents.</p> <p>Project Griffin is a national police initiative that briefs businesses and partners on current terrorism issues, equipping them and their staff to play a part in deterring, detecting and reporting terrorist activity. Over 3,000 rail industry and BTP employees have attended the Force's Project Griffin sessions during 2017/2018.</p>
<b>Preventing crime</b>	<b>Result: 2 Emerging risk – requires improvement</b>	To focus on crimes and offenders that cause the greatest harm.	<p>Notifiable crime has increased by 18% compared to last year; this is broadly consistent with the overall trend for Home Office forces. Initiatives to encourage crime reporting and an 83% increase in reporting via the 61016 text service have contributed to this rise.</p> <p>The rate of crimes per million passenger journeys remained low in 2017/2018, with approximately 19 crimes per million passenger journeys across the railway and underground network<sup>1</sup>. BTP's solved crime rate of 18% remains favourable when compared to other police forces.</p>
<b>Strategic Objective: Reduction in Disruption</b>			
<b>Protecting vulnerable people</b>	<b>Result: 3 Good level of performance across all measures</b>	To protect, support and safeguard vulnerable people at risk.	<p>Safeguarding vulnerable people on the railway is one of the most important tasks BTP undertakes.</p> <p>There have been 1,904 life-saving interventions made by BTP and others on the railway this year. In 2017/2018, BTP has used Mental Health Powers just under 2,000 times across England, Wales and Scotland.</p> <p>There has also been a significant improvement in how the BTP manages cases involving children and young people with more efficient management of referral forms by BTP's safeguarding unit during the year.</p>

<sup>1</sup>Based on TfL and projected ORR passenger journey figures.

Policing Plan Pillar	Result	National Commitment 2017/2018	Headline Commentary
Supporting the railways	Result: 2 Emerging risk – requires improvement	To work in partnership with industry and other partners to keep the railways running efficiently and on time. To respond quickly to incidents that cause delay and promptly reinstate services.	<p>Reducing police-related disruption remains a priority for the rail industry. Disruption minutes rose by 8% in 2017/2018 compared to 2016/2017.</p> <p>The largest cause of delay in 2017/2018 was trespass, now accounting for 43% of all police related disruption. Trespass will continue to be a key area of focus for next year's Policing Plan and the new Strategy and a joint trespass strategy is in development.</p> <p>There has been a 25% increase in the number of physical and verbal railway staff assaults compared to last year. More staff visible on gatelines and at barriers along with increased reporting has contributed to this rise. This will continue to remain an area of focus for BTP and the industry.</p>
Strategic Objective: Increase Confidence			
Supporting and valuing our workforce	Result: 3 Good level of performance across all measures	To ensure that our staff feel valued and supported in what they do and are well trained and equipped to provide rapid response and deliver a high level quality service.	<p>An employee survey was carried out in 2017/2018, with the key findings being built into the plans for 2018/2019.</p> <p>This year we have seen a series of major incidents which have tested the resilience and resources of our people. Wellbeing support has never been more important for BTP employees. There has been a steady rise in the number of TRiM (Trauma Risk Management) assessments of BTP officers and staff this year with more people seeking the support they need.</p> <p>Officer assaults have increased by 28%; more visible Officer patrols, increased crime levels and higher passenger footfall all potentially contribute to this rise. Core training completion rates remain high at 98%, enabling officers to operate safely and effectively when delivering services.</p>



Policing Plan Pillar	Result	National Commitment 2017/2018	Headline Commentary
<b>Building confidence and satisfaction</b>	<b>Result: 2 Emerging risk – requires improvement</b>	To put witnesses and victims at the heart of what we do and inspire high standards of service, behaviour and personal integrity to ensure the Force meets the needs of the public and victims of crime. To police fairly and proportionately.	<p>The results from the latest National Rail Passenger Survey showed that, in autumn 2017, 77.5% of passengers were satisfied with their security on the railway. While this was below the level that we had hoped for and we continue to work with stakeholders to improve passenger confidence.</p> <p>The most recent rail staff confidence survey was in March 2017. This showed that 61.8% of rail staff were confident in their security. BTP has continued to promote the use of its 61016 text service which has made it easier for the public to make contact with the Force.</p>
<b>Strategic Objective: Deliver Value for money</b>			
<b>Improving effectiveness and efficiency</b>	<b>Result: 2 Emerging Risk – Action may be needed</b>	To ensure our officers and staff are in the right place at the right time to deliver our priorities. To use our resources wisely and sparingly and quantify the value of what we do.	<p>BTP has delivered efficiencies of £13.7m in 2017/2018 through a combination of reductions in areas such the estate, deployment of resources and contract re-negotiations.</p> <p>BTP employees took an average of 8.91 days sickness in 2017/2018, compared to an average of 8.96 days the previous year. Officers accounted for the highest proportion of sickness.</p>

## Financial Performance

The net deficit for the financial year was £75.2 million (2016/2017: £51.9m), £70.7 million (2016/2017: £49.3m) of which relates to an IAS19: Employee Benefits pensions (“IAS 19”) accounting adjustment. The result excluding the IAS19 adjustment is therefore £4.5 million deficit (2016/2017: £2.6m).

## Going Concern

The negative equity reported arises due to the Authority’s substantial net liabilities related to defined benefit pension schemes. As disclosed in Note 23 and the Director’s report, contributions to the schemes are based on periodic actuarial valuations, including contributions for any past service deficit. The income receivable under Public Service Agreements (“PSAs”) and from Transport for London is calculated to include such contributions and after excluding IAS19 adjustments.

The Authority is confident that sufficient resources are available from PSAs, Enhanced Police Service Agreements and other forms of income to fund its future expected expenditure. The Authority has a statutory right to recover additional costs under PSAs. The Authority can also secure financial support from a third party with the consent of the Secretary of State.

Accordingly, the Authority has determined that it can continue to meet its liabilities as they fall due and it is appropriate to prepare its accounts on a going concern basis.



“

...we retained a focus on reducing crime and disruption and improving confidence which remain priorities for our stakeholders.”



## Performance Analysis

# Operational Analysis



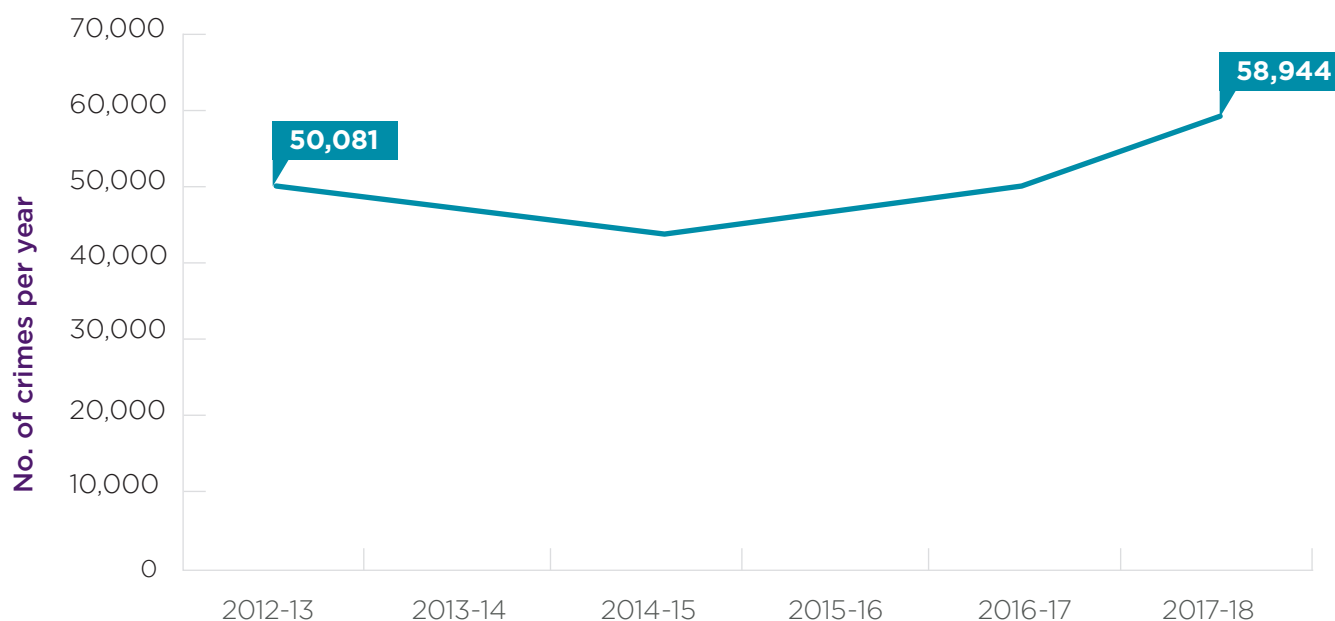
### Long term trends

As noted in last year's Annual Report and Accounts, the Authority has secured support from our industry partners to move away from the '20:20:10' binary measures for the strategic objectives set in 2012/2013. Regardless we have retained a focus on reducing crime and disruption and improving confidence which remain priorities for our stakeholders.

There have been decreasing trends in the headline figures in each of these three areas in 2017/2018, as shown overleaf, but it is also important to note the progress made in tackling these challenges. This is described overleaf.



## 1

**Reduce notifiable crime\***

\* Excluding police generated offences

**Our challenges and achievements:**

In our new Policing Plan for 2017/2018 we moved away from an emphasis on volume crime to one more focussed on responding to those crimes which cause most harm and pose greatest threat to people travelling and working on the rail network.

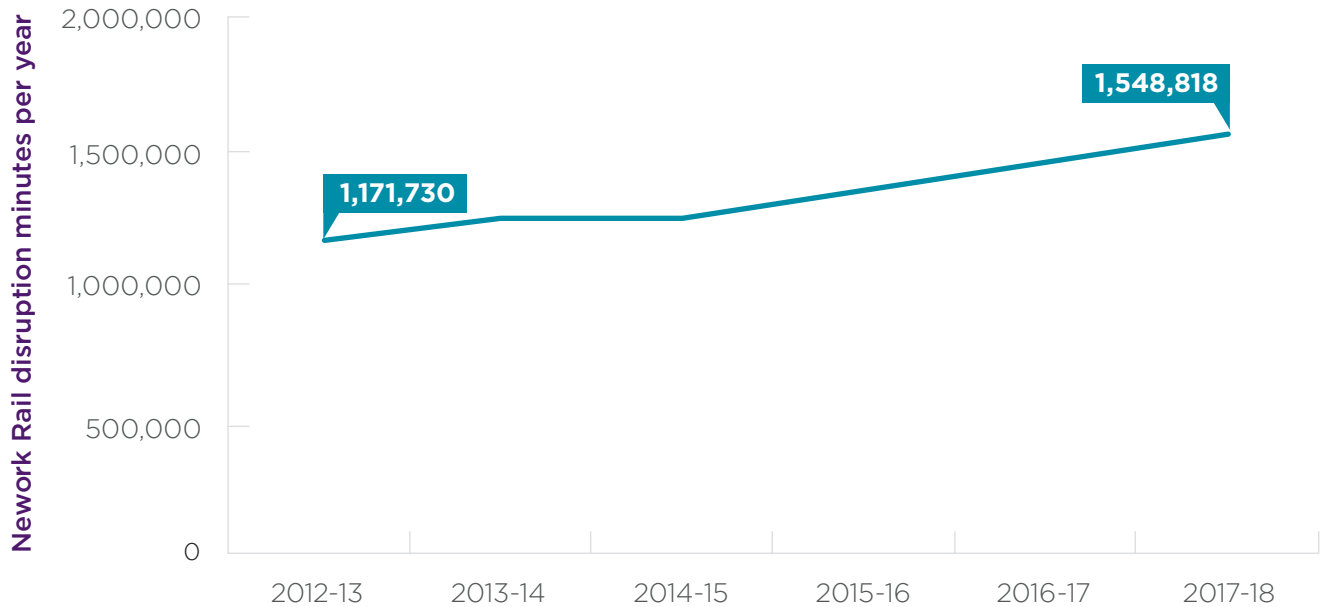
Recorded notifiable crime<sup>2</sup> increased by 17% in 2017/2018, this is the third year running in which crime on the railway has increased. The chance of becoming a victim of crime on the railway remains low, with just 19 crimes per million passenger journeys recorded.

These results should also be viewed in context with the continued expansion and commercialisation of the rail estate along with increased

crime reporting initiatives, such as the 61016 text service. This service has recorded its highest numbers since its launch in March 2013 and continues to actively encourage reporting of crime and antisocial behaviour along with making it easier for members of the public to contact the BTP.

BTP also continues to work proactively to prevent and reduce crimes that cause harm; for example through operations such as Op Engulf, which took place in and around Stratford station in London between January and March 2018 with the aim of tackling violent crime, the carrying of knives and organised drug related offences.

## 2

**Disruption - reduce police-related lost minutes****Our challenges and achievements:**

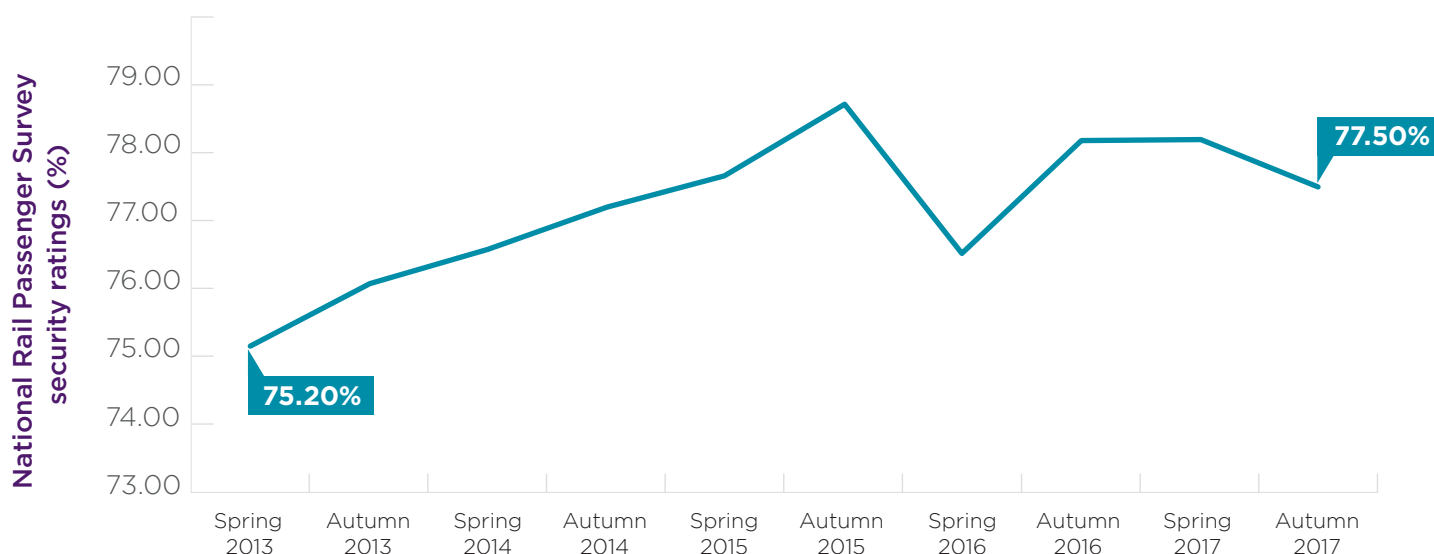
Police related disruption on the railway rose by 8% in 2017/2018 and continues to rise steadily. Trespass related disruption has recorded the biggest increase this year and now accounts for 43% of overall disruption; compared with 38% last year. As such, trespass will be a key area of focus both in our new strategy and for our annual Policing Plan in 2018/2019.

Despite the challenges, BTP continues to work closely with its industry partners to lead a range of joint police and industry projects meant to prevent incidents that cause disruption and to minimise disruption when it occurs. This has led to some excellent successes including a Force-wide 6% reduction in fatality related

delay minutes and in the North Sub-Division an overall disruption decrease of 5%, when compared to 2016/2017.

Of particular note is the on-going work with the industry to prevent suicides and the disruption this causes to the network. In 2017/2018 BTP along with partners, made over 1,904 lifesaving interventions on the rail network. In addition the Force achieved quick response times, arriving to fatal incidents in an average of 20 minutes, and upon arrival worked in a prompt but professional and sensitive manner. The average handback time to the rail industry was 104 minutes for non-suspicious and unexplained incidents.

## 3

**Confidence - improve passenger confidence****Our challenges and achievements:**

With increases in passenger confidence both on trains and at stations since the start of the Strategy, the autumn 2017 National Rail Passenger Survey (NRPS) saw this dip slightly with an overall satisfaction score for personal security at 77.5%. However where BTP has focused activity at stations showing consistently low levels of confidence, an improvement has again been evidenced this year.

The Force has also focused on rail staff satisfaction with personal security during 2017/2018. The last survey in March 2017 showed that 61.8% of rail staff rated their security as 'Very Good' or 'Good', a reduction from 64.9% confidence rating recorded the previous year. The survey highlighted the

crime-related issues that rail staff considered to be a serious or moderate problem at their station, which included issues such as fare evasion, antisocial behaviour, staff abuse/assault and alcohol-related disorder which have informed our local Policing Plans for 2017/2018. Over 80% felt that BTP officers would 'treat them with respect' and 'fairly, regardless of who they are'. The most recent survey, which sought the views of over 5,000 members of staff from across the rail industry, is due to publish results in July 2018.



## 4

## Value for money

**Our challenges and achievements:**

Cost per passenger kilometre was the key metric used by the Authority to demonstrate a focus on efficiency and containing the cost of policing, despite on-going passenger and freight growth. The latest budget figures

and passenger journeys for the calendar year 2017 have shown the target to reduce the cost of policing in terms of 'cost per passenger kilometre' was being met at 0.32p, staying at the same levels seen in the last two years.



# Financial Analysis

	Year ending 31 March 2015 £'000	Year ending 31 March 2016 £'000	Year ending 31 March 2017 £'000	Year ending 31 March 2018 £'000	Budget 2018/2019 £'000
Income	286,835	290,084	290,679	293,558	303,944
Expenditure	(311,791)	(353,486)	(342,568)	(368,728)	(394,877)
Net Deficit Including IAS19 pension costs	(24,956)	(63,402)	(51,889)	(75,170)	(90,933)
Adjusted net surplus/(deficit) Excluding IAS19 pension costs	3,994	(7,402)	(2,609)	(4,500)	(9,033)
Non Current Assets	55,168	60,459	54,688	51,964	N/A
Total Assets	103,840	106,738	98,150	108,999	N/A
Current Liabilities	(31,192)	(42,031)	(34,841)	(49,325)	N/A
Non Current Liabilities	(631,067)	(492,284)	(776,724)	(720,663)	N/A
Taxpayers Equity	(558,419)	(427,577)	(713,415)	(660,989)	N/A



## Five year Financial Performance

The table shows financial outturn figures for the year ending 31 March 2015 to the year ending 31 March 2018 and the budget for 2018/2019.

A new Medium Term Financial Plan covering 2018/2019 through to 2021/2022 was agreed at the Force Authority meeting in March 2018. This set out the Force plan to fund its BTP2021 programme, delivering £30m annual efficiencies against the current cost base by 2021/2022. This would fund investment into Regional CT, Emergency Services Network replacement of current Airwave devices, the Force's digital transformation and offset the expected loss of funding from TOCs as part of Scottish devolution. While the finances are balanced by 2020/2021 a deficit of £9 million exists in 2018/2019 after charging an RPI increase to industry. The Authority have decided to utilise cash reserves in funding this additional spend and is reviewing its reserves policy accordingly.

The table indicates that the key volatile element of income and expenditure is the IAS19 pension costs. An adjusted deficit figure removing the IAS19 cost has therefore been provided to allow comparability and a clearer underlying financial position.

The net pension liability is also the key volatile element of assets and liabilities. After adopting IAS19: Employee Benefits, the opening financial position as at 1 April 2017 shows net pension liabilities of £775.7 million. The net liability of the scheme on 31 March 2018 was £719.8 million, a decrease of £55.9 million in the year. Lower inflation rate assumptions have reduced the benefit obligation in the current financial year. The Department for Transport (DfT), as the Authority's sponsoring department, underwrites any pension shortfalls, albeit the Department has been clear that it will look to BTPA to manage any such shortfalls in the first instance.

## Current Year Performance

The net deficit for the financial year was £75.2 million (2016/2017: £51.9m), £70.7 million (2016/2017: £49.3m) of which relates to an IAS19: Employee Benefits pensions (“IAS 19”) accounting adjustment. The result excluding the IAS19 adjustment is therefore £4.5 million deficit (2016/2017: £2.6m).

There has been an increase of £20.9 million in staff costs, from £263.4 million in 2016/2017 to £284.3 million in 2017/2018. £19.6 million of this increase is attributable to the IAS19 adjustment to pension costs. There has been an increase in staff costs as a result of 1% public sector pay awards, spine point progression and an additional non-consolidated pay award which has been partly offset by a reduction in both overtime costs and the number of Police Staff and PCSOs. £1.3m of overtime costs were incurred as part of ‘Go-Critical’ responses to Counter Terrorism incidents, for which costs were fully reimbursed. Temporary staff costs have reduced in the year by £2.1million.

Trade and other payables have increased by £14.6 million, from £30.0 million in 2016/2017 to £44.6 million in 2017/2018. A gross refund of £5 million is due, and therefore held as a liability, to London Underground to ensure

income recognised for 2017/2018 reflects expenditure allocated to underground activity. An increased level of activity around the development of regional Counter Terrorism Hubs and other capital programmes resulted in an increase in the level of accruals at year end. A £1 million capital grant received for this work is also being held as deferred income and will be released in line with depreciation.

Cash balances held at 31 March 2018 total £38 million. Cash balances have increased over the year by £22.3 million from £15.7 million at 31 March 2017. This is as a result of the collection of wash-up charges from PSA holders, improved management of receivables, as well as an increase in the amounts due but not yet paid in cash to third parties. As noted above the increase in amounts due has been caused by a high level of capital activity near year end and by the London Underground £5 million liability referred to above.

The carrying value of property, plant and equipment at 31 March 2018 was £42.2 million (31 March 2017: £43.7m). The reduction in value is net of additions of £8.7 million (31 March 2017: £3.3m) and an in-year depreciation charge of £10.5 million (31 March 2017: £10.6m).



**Cash balances have increased over the year by £22.3 million from £15.7 million at 31 March 2017.**

The carrying value of intangible assets at 31 March 2018 was £9.7 million (31 March 2017: £11m). Intangible asset additions were £1.6 million (31 March 2017: £3.3m) consisting mostly of software and licenses. The in-year amortisation charge was £3.1 million (31 March 2017: £2.5m).

Trade and other receivables due within one year at 31 March 2018 were £17.9 million (31 March 2017: £26.7m). The fall in value results from improved credit control and therefore reduction in trade receivables as well as a reduction of £5.8 million in accrued income upon collection of wash-up charge for 2015/2016 and 2016/2017 counter terrorism spend from PSA holders.



## Improving Efficiency

The Authority is committed to improving efficiency. The Strategic plan set out a commitment to contribute to the 30% reduction in unit cost per passenger kilometre as recommended by the McNulty Report. The BTP delivered efficiency savings of £13.7m in 2017/2018.

The BTP continues to deliver against its efficiency plan established in 2016/2017 and has worked hard to deliver against DfT's four year target of 8% or £16m in cash terms, by achieving efficiencies of £17.4m in the last two years. These efficiency savings are currently being validated by Internal Audit and the Authority reserves the right to revise these figures following the completion of their report. With continuing growth in rail passenger numbers and increases in freight volume, overall demand and cost pressures, the Force is enhancing its focus in this area to ensure that it can deliver and demonstrate improved efficiency across all aspects of its activities.

Building on best practice, and work undertaken following recommendations from the HMIC PEEL (police effectiveness, efficiency and legitimacy) Inspection in 2016/2017, BTP established an Efficiencies Board that systematically reviews all work

aimed at improving efficiency. This is supported by the Efficiency Challenge Panel which scrutinises all efficiency plans. The approach to tracking benefits and efficiencies has also been refined this year by re-setting the benefits management methodology, which has added greater focus.

Key areas of progress this year include:

### Infrastructure

The BTP has continued to rationalise its property portfolio and made over £600k efficiencies through consolidation of its estate and the introduction of the Go Green Initiative which encourages behavioural change to "switch off" and "drive smart" and increasing environmental awareness.

### Frontline Policing

The BTP has achieved significant efficiencies in this area, £2m of savings through improved management of resources and a reduction in overtime spend was secured by the demand review.

### Workforce

Over the last two years, the BTP has actively sought to reduce its reliance on temporary labour. In 2017/2018 more than £1.5m of efficiency was delivered through a reduction in use of temporary labour.

## Operational Support

The BTP has rationalised its custody sites and refocused its crime function during the year. This has delivered £2.7m of savings.

### Digital

The BTP has continued to achieve efficiencies by updating its operational systems and reducing the costs of maintenance

### Back Office

£300k of efficiencies have been achieved through a range of measures including increased commercial focus on procurement and contracts.

The ambition of the efficiency programme is to harness technology, innovation and efficient use of resources to deliver more customer-focused and flexible services at lower cost. Over the next four years, the Authority plans to make additional efficiencies of £30m to allow it to fund an uplift to its Counter Terrorism capability, move to the new Emergency Services Network (ESN) and various other operational improvements, linked closely to changes in demand.

# Sustainability Report

BTPA is determined to ensure that policing the railways meets the sustainability requirements set by the Greening Government Commitment (GGC), which targets an overall 32% reduction in greenhouse gas emissions from the 2009/2010 baseline year to the end of the second GGC phase in 2020/2021.

BTP has made encouraging progress towards the GGC targets over the past year. There are some areas which are still challenging but measures are being put in place to ensure inroads can be made in these areas over the coming years. If the organisation can continue on this positive trajectory we will be on target to meet the reductions in 2020/2021.

## Progress against GGC operational targets

The scope of our sustainability reporting includes our operations excluding those for TFL and all buildings where we pay un-metered charges.

Greening Government Commitments	Baseline 2009/2010	Operational target to 2020/2021	Operational Performance in 2016/2017	Operational Performance in 2017/2018	Progress	Gross Expenditure
<Greenhouse Gas Emissions (tonnes/CO2) (Scope 1-3)	8,647t	-32%	7,762t	7,528t	-12.94%	£2,986,855
Waste to landfill as a % of total waste	n/a	<10%	49%	48.3%	48.3%	£283,084
Water (m <sup>3</sup> /FTE)	20m <sup>3</sup>	<4-6m <sup>3</sup>	5.43m <sup>3</sup>	5.55m <sup>3</sup>	-72.25%	£52,784
Paper (reams A4 equivalent)	25,562t	-50%	20,787t	18,786t	-26.51%	N/A
Domestic Flights (Number of flights) <sup>3</sup>	416	-30%	211	245	-41.11%	Included in GHG expenditure

<sup>3</sup>The number of domestic flights is likely to increase in 2018/19 owing to travel related to the Scottish devolution project and the appointment of a new Authority Chair who is based in Scotland.

## Greenhouse Gas Emissions

In 2017/2018 we have reduced the greenhouse gas emissions arising from operations by 13%, this is due to a continual streamlining of the estate. During 2017/2018 we moved out of two properties Holmes House and Edinburgh Waverley which has contributed to our carbon reduction. The other significant contributing factor is the launch of the Going Green staff engagement campaign which encouraged officers and staff to 'switch off' computers and lights and 'drive smarter' when not on response calls. Gas consumption over 2017/2018 increased marginally and this can be attributed to the extreme winter weather conditions.

The vehicle fleet continues to reduce petrol and diesel consumption although this is becoming increasingly difficult. Budget constraints haven't allowed for vehicle replacement as often as required therefore fuel efficiency and carbon emissions are not at their optimum. When vehicles have been replaced, the new models are Euro6 compliant.

Over the medium term the estates strategy continues to streamline buildings while maintaining the required operational presence. There are a number of planned exits in 2018/2019 including Manchester Portland Street and condensing occupation in Cardiff Callaghan Square.

The Going Green campaign will continue into 2018/2019 and will continue to encourage behaviour change in the areas of 'switch off' and 'drive smart' using a variety of media and a localised network of Green Champions. During the new financial year the work strands covering 'waste less' promoting recycling and 'work smart' encouraging the use of teleconferencing and video conferencing will also be launched.

## Waste

The waste to landfill target is the most challenging for the organisation to achieve. Historically BTP had numerous small contracts for waste which made it challenging to measure. In February 2018 the new Total Facilities Management (TFM) contract began which brings the majority of BTP's sites under one centralised contract for landfill waste, recycling, shredding and hazardous waste. This will enable better monitoring and measuring with monthly supplier data reports and there should be an improvement in 2018/2019. Going Green will also focus on improving recycling rates across the Force with improved access to recycling facilities, clearer uniform signage and monitoring and reporting on recycling rates at site level.

## Water

Water consumption has reduced by 72% against the baseline and is within the Greening Government 'good practice' benchmark for the second year running which is excellent. We will continue to monitor this and ensure refurbishments consider water efficient equipment where practicable.

## Paper

Paper consumption has reduced by 27% and while we still have a way to go to reach the target, we are making inroads by improving the ways of working by moving away from paper to digital filing. The wider roll out of NICHE in 2017 has removed the requirement for paper based crime files and has significantly contributed to the reduction. Additionally, the implementation of mobile devices and apps for officers has further contributed to the digitisation of the Force.

## Domestic Flights

We continue to exceed the GGC target for the reduction in the number of flights, currently at a 41% reduction against a 30% target. This is largely due to an improvement in working practices and the increased take up of virtual meetings. The 'work smarter' phase of the Going Green campaign aims to further reduce the amount of domestic flights taken by the organisation.





## Transparency

### Climate change adaptations

No current locations require climate change adaptation. We continue to risk assess BTP operational locations for their exposure to flooding and have conducted extensive desktop testing of business continuity plans around a multiple flooding scenario.

### Biodiversity

The nature of our locations means there isn't a large amount of natural habitat within close proximity. Operationally we have a team of Wildlife Crime Officers and Staff who are specially trained and have access to resources and expertise from partner organisations. They are trained to respond to incidents such as destruction of habitats or species.

### Procurement of food and catering services

Procurement of food and catering services now falls under the TFM contract. The contract includes a requirement to meet the Government Buying Standards (GBS) and advertise tenders to small and medium sized businesses and removing barriers from the supply chain in order to allow for competition.

### Sustainable construction

All tenders for construction services include an evaluation requirement for the contractor to comply with Government Buying Standards in respect of sourcing materials and management of supply chain impacts. Energy efficiency of the building is enhanced during any construction project where possible. Waste is also carefully managed during any construction or refurbishment work and items, such as furniture, are reused where possible.













# 2

# Accountability Report

## **Corporate Governance Report**

Directors' Report

Accounting Officer Responsibilities

Governance Statement

## **Remuneration Report**

## **Parliamentary Accountability And Audit Report**

Losses/Special Payments

The Audit Report Of The Comptroller  
And Auditor General To The Houses  
Of Parliament

## Corporate Governance Report

# Director's Report

### Authority Members:

#### Key to committee membership

- |                      |                               |                      |           |
|----------------------|-------------------------------|----------------------|-----------|
| ● Authority          | ● Appointments & Remuneration | ● Audit & Risk       | ● Finance |
| ○ Performance Review | ○ Policing Plan               | ○ People & Standards |           |



**RON BARCLAY-SMITH**

#### Chair

Appointed 05 March 2018 for a four-year period with a three-month notice period

#### BTPA responsibilities:

- Police Authority: Chair from 5 March 2018
- Appointments and Remuneration Committee: Chair from 10 March 2018

#### Appointments outside BTPA:

- Criminal Injuries Compensation Authority: Non-Executive Director
- Royal Institute of Chartered Surveyors: Lay Member of the Conduct and Appeals Committee
- Pitteadie Castle Ltd: Director
- RAF Regiment Association in Scotland: Honorary President



**MARK PHILLIPS**

Interim Chair from 29 April 2017 to 4 March 2018  
Deputy Chair to 27 April 2017 and from 5 March 2018  
Appointed Deputy Chair 7 November 2016 with a term of four years and a notice period of three months

#### BTPA responsibilities:

- Police Authority (Interim Chair from 29 April 2017 to 4 March 2018 and Deputy Chair to 27 April 2017 and from 5 March 2018)
- Audit and Risk Assurance Committee: Chair (temporarily replaced from 28 April 2017 to 31 March 2018)
- Appointments and Remuneration Committee: Chair from 29 April 2017 to 9 March 2018

#### Appointments outside BTPA:

- RSSB Ltd: Chief Executive



## RT HON ESTHER MCVEY PC

### Chairman

Resigned 28 April 2017

#### BTPA responsibilities:

- Police Authority: Chair
- Appointments and Remuneration Committee: Chair
- Authority lead on equality and diversity

#### Appointments outside BTPA:

- Hume Brophy: Advisor
- Floreat: advisor
- If Chloe Can charity: Trustee
- Liverpool University: Honorary Fellow



## LEN JACKSON OBE

Interim Deputy Chair from 29 April 2017 to 4 March 2018

Reappointed 1 May 2016 for a term of two years and a notice period of three months

#### BTPA responsibilities:

##### Throughout the period

- Police Authority (Deputy Chair from 29 April 2017 to 4 March 2018)
- Appointments and Remuneration Committee  
To 30 June 2017
- People and Standards Committee: Chair  
From 1 July 2017
- Performance and Delivery Committee



## ELIZABETH FRANCE CBE

Reappointed 1 July 2014 for a term of four years and a notice period of three months

#### BTPA responsibilities:

##### Throughout the period

- Police Authority  
To 30 June 2017
- Performance Review Committee: Chair
- People and Standards Committee  
From 1 July 2017
- Policing Plan Working Group
- Performance and Delivery Committee

#### Appointments outside BTPA:

- Security Industry Authority: Chair
- Police Advisory Board for England and Wales and the Police Pensions Scheme Advisory Board: Chair
- FCA Regulatory Decision Committee: Deputy Chair
- FCA Payment Systems Regulator's Enforcement Decision Committee: Deputy Chair
- Ofgem Enforcement Decision Panel: Member



## DYAN CROWTHER

Appointed 6 May 2015 with a term of four years and a notice period of three months

#### BTPA responsibilities:

##### Throughout the period

- Police Authority
- Audit and Risk Assurance  
To 30 June 2017
- People and Standards Committee  
From 1 July 2017
- Strategy and Planning Committee: Chair

#### Appointments outside BTPA:

- HS1 Limited: Chief Executive
- Railway Children: Trustee





## ANDREW POLLINS

Re-appointed 1 September 2017 with a term of four years and a notice period of three months

### BTPA responsibilities:

#### Throughout the period

- Police Authority
- Audit and Risk Assurance Committee (Interim chair from 28 April 2017 to 31 March 2018)

#### To 30 June 2017

- Finance Committee

#### From 1 July 2017

- Strategy and Planning Committee

### Appointments outside BTPA:

- Transport for London: Transformation Director
- London Underground Limited: Director



## ANTON VALK CBE

Left 1 September 2017 after the completion of his two year term

### BTPA responsibilities:

#### Until 1 September 2017:

- Police Authority
- Appointments and Remuneration Committee

### Appointments outside BTPA:

- Valk Management and Advice Ltd: Managing Director
- British Quality Foundation: Non-Executive Director
- Science Museum Group: Trustee
- Dual Inventive Ltd: Non-Executive Director
- Netherlands British Chamber of Commerce: Chair.



## STELLA THOMAS

Re-appointed 1 September 2017 with a term of four years and a notice period of three months

### BTPA responsibilities:

#### Throughout the period

- Police Authority
- Policing Plan Group

#### To 30 June 2017

- Performance Review Committee
- People and Standards Committee

#### From 1 July 2017

- Performance and Delivery Committee



## WILLIE GALLAGHER

Appointed 26 January 2017 with a term of four years and a notice period of 3 months

### BTPA responsibilities:

#### Throughout the period

- Police Authority
- Policing Plan Group

#### From 1 July 2017

- Strategy and Planning Committee

### Appointments outside BTPA:

- TSL Scotland Limited



## DOMINIC BOOTH

Re-appointed 1 September 2017 with a term of four years and a notice period of three months

### BTPA responsibilities:

#### Throughout the period

- Police Authority
- Policing Plan Group
- Appointments and Remuneration Committee

#### To 30 June 2017

- Finance Committee: Chair

#### From 1 July 2017

- Performance and Delivery Committee: Chair

### Appointments outside BTPA:

- Atoc Limited: Director
- Abellio Rail Cymru Limited: Director
- West Midlands Holdings Limited: Director
- South Eastern Railways Limited: Director
- Abellio East Midlands Limited: Director
- West Midlands Trains Limited: Director
- Abellio Surrey Limited: Director
- South Eastern Holdings Limited: Director
- Abellio Merseyside Ltd: Director
- Anglia Rail Holdings Limited: Director
- Abellio Transport Group Limited: Director
- Abellio Scotrail Limited: Director
- Rail Delivery Group Limited: Director
- Abellio Thameslink Limited: Director
- Abellio East Anglia Limited: Director
- Abellio London Ltd: Director
- Abellio West London Ltd: Director
- Abellio Northern Ltd: Director
- Abellio Greater Anglia Ltd: Director
- Abellio New Business Ltd: Director
- Merseyside Services Holding Company Limited: Director
- Northern Rail Holdings Limited: Director
- Northern Rail Limited: Director
- Merseyside Electrics 2002 Limited: Director
- Abellio Transport Holdings Ltd: Director



## BILL MATTHEWS

Reappointed 1 November 2016 with a term of three years and a notice period of three months

### BTPA responsibilities:

#### Throughout the period

- Police Authority

#### To 30 June 2017

- Performance Review Committee
- Audit and Risk Assurance Committee
- Finance Committee

#### From 1 July 2017

- Strategy and Planning Committee
- Pensions Working Group

### Appointments outside BTPA:

- Security Industry Authority: Deputy Chair (until 17 January 2018)
- BBC Trust: Trustee for Scotland (until 2 April 2017)
- HubWest Scotland Limited: Chair
- BBC Pension Trust Limited: Chair
- CICA (Criminal Injuries): Non Executive Advisor
- National Registers of Scotland: Non Executive Advisor
- Independent Office for Police Conduct: Board Member (from 6 January 2018)
- Scottish Criminal Cases Review Commission: Chair



## SHRINIVAS HONAP

Appointed 26 January 2017 with a term of three years and a notice period of 3 months

### BTPA responsibilities:

#### Throughout the period

- Police Authority
- Audit and Risk Assurance Committee

#### To 30 June 2017

- Finance Committee
- Performance and Delivery Committee
- Pensions Working Group: Chair

### Appointments outside BTPA:

- Driver and Vehicle Standards Agency
- Registers of Scotland
- Speakers Committee on Independent Parliamentary Standards Authority.
- UK Atomic Energy Authority
- Sai Aum Accounting Limited: Director



## BEVERLEY SHEARS

Appointed 26 January 2017 with a term of three years and a notice period of 3 months

### BTPA responsibilities:

#### Throughout the period

- Police Authority
- Appointments and Remuneration Committee

#### From 1 July 2017

- Strategy and Planning Committee
- Pensions Working Group

### Appointments outside BTPA:

- Blue Amaranth Consulting Limited



## JEREMY MAYHEW

Appointed 26 January 2017 with a term of three years and a notice period of 3 months

### BTPA responsibilities:

#### Throughout the period

- Police Authority
- Appointments and Remuneration Committee (From November 2017)

#### To 30 June 2017

- Finance Committee
- Performance and Delivery Committee

#### From 1 July 2017

- Performance and Delivery Committee

### Appointments outside BTPA:

- UK Government's Regulatory Policy Committee
- Elected Member, City of London Corporation (Chairman, Finance Committee)
- Legal Services Board
- City Re Limited: Director
- Crossrail Art Foundation: Trustee
- British Friends of Harvard Business School: Trustee
- Museum of London: Governor
- City Art Trust: Trustee
- Prior Weston School, Islington: Governor
- Christ's Hospital: Donation Governor
- Clifton College: Governor
- London Chamber of Commerce and Industry: Council Member
- City University: Court Member





## MARTIN RICHARDS

Appointed 26 January 2017 with a term of four years and a notice period of 3 months

### BTPA responsibilities:

#### Throughout the period

- Police Authority
- Policing Plan Group: Chair
- Audit and Risk Assurance Committee

#### To 30 June 2017

- Performance Review Committee

#### From 1 July 2017

- Performance and Delivery Committee

### Appointments outside BTPA:

- Chichester Diocese: Director
- Sussex NHS Partnership Trust: Director
- St Christopher's School: Hove
- Sussex Cricket Limited

## Authority Officers

**Chief Executive** Charlotte Vitty  
(appointed permanently on 6 April 2017)

**Authority Finance Director (Interim)** Shahida Nasim  
(from 8 November 2016 to 7 July 2017)

**Authority Finance Director (Interim)** Yifat Steuer  
(from 19 June 2017 to 22 February 2018)

## BTP Chief Officer Group

**Chief Constable** Paul Crowther OBE

**Deputy Chief Constable** Adrian Hanstock

**Assistant Chief Constable** (B Division and Crime)  
Mark Newton (retired 06 April 2017)

**Assistant Chief Constable** (B Division and Crime)  
Charlie Doyle (from 19 September 2017)  
on secondment from Surrey Police Force until  
5 September 2018

**Assistant Chief Constable** (C Division and  
Specialist Operations) Stephen Thomas QPM

**Assistant Chief Constable** (Territorial Policing)  
Robin Smith

**Temporary Assistant Chief Constable** (Specialist  
Operations) Alun Thomas (appointed temporary  
ACC from 02 May 2016 until 31 January 2018)

**Temporary Assistant Chief Constable** (Crime)  
Paul Brogden (appointed temporary ACC from  
20 March 2017 until 20 September 2017)

**Director of Capability and Resources**  
Simon Downey OBE

**Interim Finance Director** Alistair Cook  
(appointed 9 June 2016)



## Pension arrangements

BTP follows IAS 19: Employee Benefits which has resulted in the liabilities of the British Transport Police Force Superannuation Fund ("Police Officer scheme") and the British Transport Police Shared Cost Section of the Railways Pension Scheme ("Staff scheme") being recorded on the Statement of Financial Position. Refer to note 23 for further disclosure relating to the two pension schemes. Refer to note 2.19 for the Authority's accounting policy for pensions.

The last full valuation of the Police Officer scheme took place as at 31 December 2015. It had an asset base of £846million and had a funding level of 101%.

The last full valuation of the Staff scheme took place as at 31 December 2016. It had an asset base of £137.1 million and had a funding level of 101%.

## Personal data related incidents

There were 32 incidents involving personal data breaches this year, compared to 34 in 2016/2017; with 1 of this year's incidents reported to the Information Commissioner, compared to 5 in 2016/2017.

## Information rights

In 2017/2018 the BTPA received 742 requests for information which were handled under the Freedom of Information (FOI) Act 2000. We met the statutory response deadlines in 99.86% of cases.

## Fraud, bribery and whistleblowing

The BTPA follows the Cabinet Office guidelines and takes a 'zero tolerance' approach in the event of any fraud or bribery. Any suspected cases of fraud or corruption are investigated vigorously in accordance with our Anti-Fraud and Corruption Policy. The policy is available to read on the BTPA website.

## Auditors

The accounts of the British Transport Police 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 £103,000 (2016/2017: £106,000). The C&AG did not undertake any non-audit work for the BTPA (2016/2017: £nil).

As far as the Accounting Officers are aware, all relevant audit information has been made available to the auditors. The Accounting Officers have taken all necessary steps required to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

## Other Parliamentary Disclosures

On 29 March 2017, the UK Government submitted its notification to leave the EU in accordance with Article 50. The triggering of Article 50 starts a two-year negotiation process between the UK and the EU.

Any subsequent changes in legislation, regulation and funding arrangements are subject to the outcome of the negotiations. As a result, an unquantifiable remote contingent liability is disclosed. In accordance with accounting standards, no contingent assets can be recognised.

During this two year period the UK remains a full member of the EU with all the rights and obligations arising from membership. There are no significant impacts on the financial statements in the short term from making the formal notification.

## Events occurring after the reporting date

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

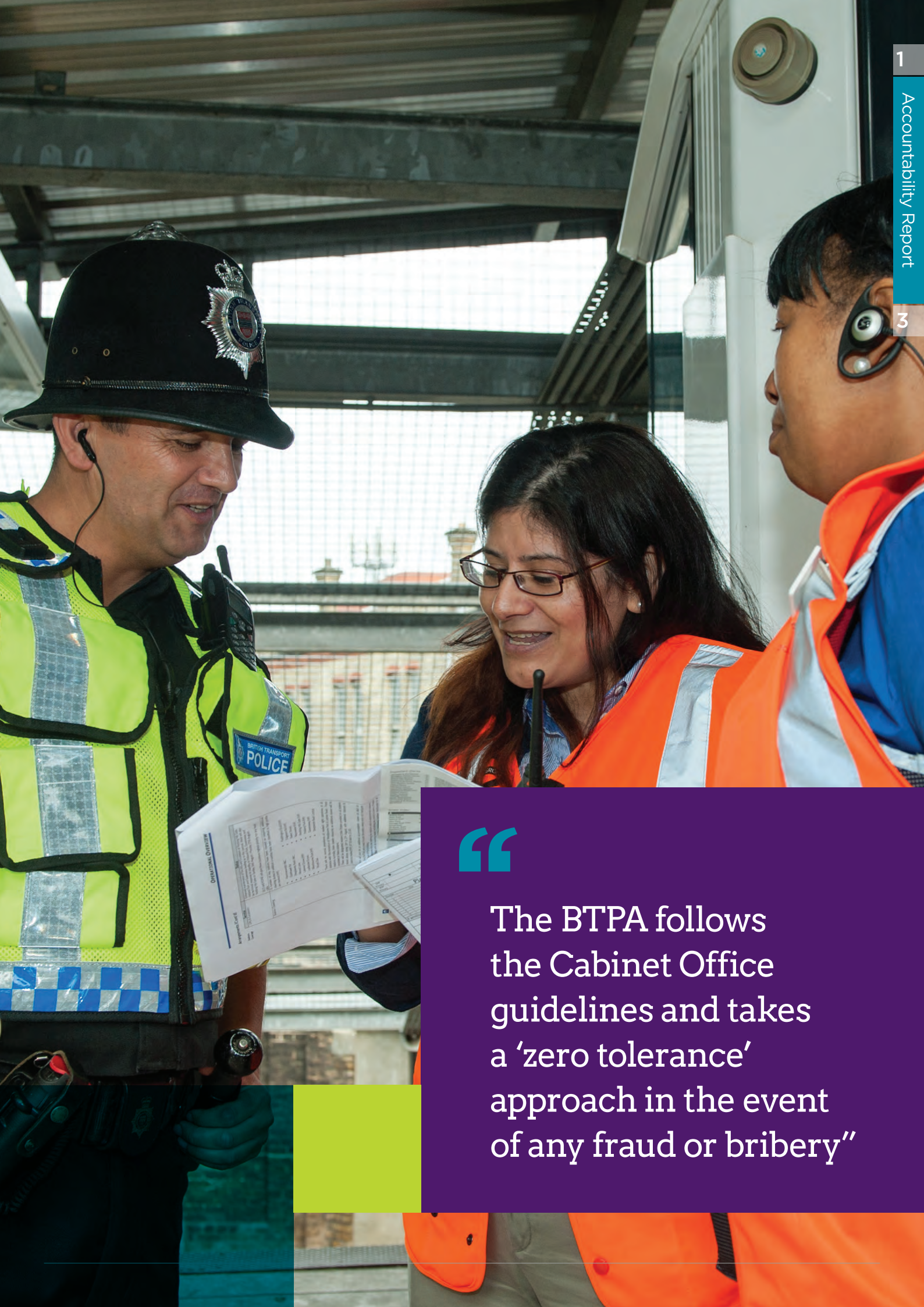


**S McGarel**  
Interim Accounting Officer  
Date 13th July 2018



**P Crowther**  
Additional Accounting Officer  
Date 13th July 2018





“

The BTPA follows the Cabinet Office guidelines and takes a ‘zero tolerance’ approach in the event of any fraud or bribery”





## Governance Structures

In 2016/2017 an external review of the Authority's governance was undertaken and found that the committee structure was fit for purpose and aligned with similar organisations. Therefore, no specific recommendations for change were made.

However, following feedback from Authority Members and the Chief Constable and discussions at the Governance Review Working Group a consensus developed that the current way of working could be improved to:

- Better integrate strategy, financial and resource planning
- Assess service delivery more holistically by considering financial and resource inputs alongside operational performance
- Provide higher levels of assurance to the Authority;
- Streamline the committee structure; and
- Better utilise the capabilities available within the Executive Team

This resulted in the committee re-structure where:

- The number of committees was reduced from six to four and the number of meetings reduced from 28 to 19
- Two new committees were constituted:
  - A Strategy and Planning committee which is forward looking, recommending direction on financial planning, policing plans and the Strategy.
  - A Performance and Delivery committee which will assess all elements of business and operational performance in terms.
- The Authority and BTP employees will have more time to focus on activities aimed at providing assurance.

## Governance Structure

### The Authority

The British Transport Police Authority is responsible for ensuring an efficient and effective police force for the railways. It was established by the Railways and Transport Safety Act 2003

#### Statutory duties

- 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 and Assistant Chief Constables.
- Enter into Police Service Agreements with railway operators
- Regulate the government, administration and conditions of those employed by BTP
- Set a strategy, objectives and budget for the policing of the railway

### Sub-Committees

#### Appointments and Remuneration

- Approve the recruitment of senior officers of the BTP, and BTPA's Chief Executive and Finance Director.
- Monitor the annual performance of senior staff at the BTP and BTPA.
- Leading on workforce matters including conditions of service of police officers, staff and specials.
- Leading on the engagement with staff associations.

#### Policing Plan

- Determine the national and local area targets for the Force. These targets are subsequently published in the annual policing plans

#### Audit and Risk Assurance

- Review and advise on matters relating to the internal and external audit of BTPA.
- Provide an opinion on whether reliance can be placed on internal controls.
- Provide the Authority and Accounting Officer with a recommendation to sign the financial statements and governance statement.
- Advise the Authority on the effectiveness the BTPA and BTP's plans for risk management and business continuity.

#### Performance and Delivery

- Monitoring and challenging operational and business performance and delivery of strategic and annual plans.
- Overseeing deployment of taser and firearms and ensuring the delivery of mandatory training to maintain these capabilities

#### Strategy and Planning

- Ensuring an integrated approach to the development of the Strategy, Medium Term Financial Plan, Policing Plan and Annual budget.

#### Force Executive Board



















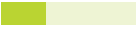





- Set the strategic tone and direction for the Force
- Act as the senior decision making forum for the Force
- Consider highlight reports from the Force governance boards and provide approval or issue further instruction as appropriate
- Consider high level risks and action to mitigate risk
- Provide an audit trail on key decisions

From 1 July 2017 the above Governance structure came into effect with the People and Standards, Finance and Performance Review Committees being disbanded.

## Committee Attendance

Member name	Number of full Authority meetings attended/number of Authority meetings available	Number of Appointment and Remuneration Committees attended/ number of Committee dates available	Number of Audit Committees attended/ number of Committee dates available	Number of Finance Committees attended <sup>1</sup> / number of Committee dates available
Ron Barclay-Smith	1 / 1 	1 / 1 	1 / 1 	
Dominic Booth	2 / 4 	4 / 4 		1 / 1 
Elizabeth France	4 / 4 			
Len Jackson	4 / 4 	4 / 4 		
Bill Matthews	4 / 4 		1 / 1 	1 / 1 
Andrew Pollins	3 / 4 		4 / 4 	0 / 1 
Mark Phillips	4 / 4 	4 / 4 		
Stella Thomas	4 / 4 			
Anton Valk <sup>6</sup>	0 / 1 	1 / 2 		
Dyan Crowther	4 / 4 		4 / 4 	
William Gallagher	3 / 4 			
Martin Richards	3 / 4 		3 / 4 	
Beverley Shears	4 / 4 	3 / 4 		
Shrinivas Honap	4 / 4 		4 / 4 	1 / 1 
Jeremy Mayhew	4 / 4 	2 / 2 		1 / 1 

<sup>1</sup> The Finance Committee was disbanded June 30 2018

Member name	Number of People and Standards Committees attended <sup>2</sup> / number of Committee dates available	Performance Review Committees attended <sup>3</sup> / number of Committee dates available	Performance and Delivery Committees attended <sup>4</sup> / number of Committee dates available	Number of Policing Plan working group attended/ number of Committee dates available	Strategy and Planning Committees attended <sup>5</sup> / number of Committee dates available
Ron Barclay-Smith					
Dominic Booth			3 / 3 	2 / 3 	
Elizabeth France	1 / 1 	1 / 1 	3 / 3 	3 / 3 	
Len Jackson	1 / 1 		3 / 3 		
Bill Matthews		1 / 1 			2 / 3 
Andrew Pollins					3 / 3 
Mark Phillips					
Stella Thomas	1 / 1 	1 / 1 	3 / 3 	3 / 3 	
Anton Valk <sup>6</sup>					
Dyan Crowther	0 / 1 				3 / 3 
William Gallagher				2 / 3 	1 / 3 
Martin Richards			2 / 3 	3 / 3 	
Beverley Shears					2 / 3 
Shrinivas Honap			3 / 3 		
Jeremy Mayhew			2 / 3 		

<sup>2</sup> The People and Standards Committee was disbanded June 30 2018<sup>3</sup> The Performance Review Committee was disbanded June 30 2018<sup>4</sup> The Performance and Delivery Committee was constituted July 1 2018<sup>5</sup> The Strategy and Planning Committee was created July 1 2018<sup>6</sup> Anton Valk left 1 September 2017



# Statement Of Accounting Officer And Additional 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, expenditure, changes in taxpayers' equity and cash flows for the financial year.

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

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

The Accounting Officer of the Department for Transport has designated the Chief Finance Officer of the Authority as the Interim Accounting Officer of the British Transport Police Fund. In addition, with the agreement of Department for Transport the Chief Constable is appointed as an Additional Accounting Officer, to be accountable for the resources which come under his control. The Chief Constable's responsibilities as Additional Accounting Officer include the management and expenditure of the Force, and joint responsibility for the preparation of these accounts. This appointment reflects the autonomy the Authority grants to the Force in the spending of the budget given to it by the Authority, and the Force's full independence in policing matters. However, it remains the role of the Authority to exercise appropriate oversight of the Force, and the appointment does not detract from the Chief Finance Officer's overall responsibility as Accounting Officer for the accounts.

The responsibilities of an Accounting Officer include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable; keeping proper records; and safeguarding the Authority's assets, as set out in Managing Public Money published by HM Treasury.

We confirm that to the best of our knowledge there is no relevant audit information of which the auditors are unaware, and that we have taken all appropriate steps to make ourselves aware of any pertinent audit information that would be relevant to the auditors of these accounts. We confirm that the annual report and accounts as a whole is fair, balanced and understandable and that we take responsibility for the annual report and accounts and the judgements requested for deeming that it is fair, balanced and understandable.

# Governance Statement



Members are drawn from people who have experience of the rail industry, railway staff, the travelling public and others with designated experience, including of Scotland and Wales.”

## Interim Accounting Officer's introduction to corporate governance

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

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

The Authority Chair (“Chair”) and the Authority Executive team have access to the Secretary of State for the DfT and the ministerial team when required to discuss policing and strategy. The Chief Constable has similar access to discuss operational policing. Regular meetings are held with DfT officials and periodically with the Permanent Secretary.

It was noted in last year's statement that significant work was being undertaken to address areas of control weakness identified from a range of different sources.

Significant work has been undertaken to address these areas of weakness and with the majority of remedial action now complete the Authority can report a strengthened control environment which allows assurance to be given on the effective operation of controls. Moving forward there will be a continued focus on embedding these improved processes and controls.

During 2015/2016 a review was undertaken to assess the systems in place for internal governance to enable the Accounting Officer and Treasurer to discharge their legal and statutory duties. From this a revised Code of Governance came into effect from 1 April 2017. A revised and updated framework document developed with Department for Transport came into effect February 2018. As mentioned above, a new Authority committee structure was implemented from 1 July 2017. These changes are aimed at bringing greater alignment of decision making and performance indicators, as well as improving the efficiency and effectiveness of the committees.

The Police Authority

The Authority meets four times a year, and is required to make specific decisions according to the statutory duties noted above.

The Chair and Members of the Authority (“Members”) are appointed by the Secretary of State. Members are drawn from people who have experience of the rail industry, railway staff, the travelling public and others with designated experience, including of Scotland and Wales. Members are not intended to be representatives of those interests but all work together and act as a single corporate body.

Details of current Members are included in the Directors’ report; referencing also the sub-Committees on which they serve. Meeting attendance details are included later on in this section.

The sub-committees below have been formally scheduled throughout the year. This does not take into account additional extraordinary committee meetings and member only sessions.

Sub-Committees

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee (ARAC) was chaired by Andrew Pollins from 28 April 2017 to 31 March 2018 (up to 27 April and then from 1 April 2018 chaired by Mark Phillips). It has four members, met four times in 2017/2018 and undertook a wide range of assurance activities, including overseeing:

- the internal Audit programme;
- Her Majesty’s Inspectorate

of Constabulary (HMIC) inspection programme;

- the submission of a Management Assurance Return to the DfT;
- overseeing the implementation of the actions resulting from the Finance and Governance Reviews carried out in 2015/16 and reviewing progress against the action plans.

In the year, Internal Audit assessed Risk Management across BTP and the Authority and found it limited.

Internal audit topic	Follow up action
Risk Management	<ul style="list-style-type: none"><li>• BTP and the Authority to work together to define its risk appetite.</li><li>• Increased involvement by the BTP co-ordination team on challenging risk and inspecting mitigating actions.</li></ul>





## Appointments and Remuneration Committee

The Appointments and Remuneration Committee was chaired by Mark Phillips from 28 April 2017 to 9 March 2018 then Ron Barclay-Smith from 10 March 2018. It has five members, met four times in 2017/2018 and considered a range of workforce issues, including:

- appointment of a new Assistant Chief Constable and Chief Finance Officer and approving interim arrangements whilst the recruitment was undertaken;
- approving staff and officer pay awards
- reviewing the performance of the Chief Constable and Chief Officer Group, the Authority's Chief Executive and the Authority's Finance Director.

## Finance Committee

The Finance Committee, disbanded following the Governance review, was chaired by Dominic Booth. It had five members, met once in 2017/2018 and performed the following activities:

- reporting to the Authority on 2016/2017 outturn against budget;
- reviewing business cases and contracts for significant capital projects and recommending approval to the Authority where appropriate;
- tracking the progress against delivery and spend of total capital projects in the year;
- tracking the progress of the finance department action plan;

## Performance Review Committee

The Performance Review Committee, disbanded following the governance review, was chaired by Elizabeth France. It had three members, met once during 2017/2018 and considered a range of standing and 'thematic' matters, including:

- progress against the annual policing plan 2017/2018;
- use of force (including stop and search and taser/firearms);
- development of an Equality Diversity and Human Rights strategy with a particular focus on operational delivery;
- performance of BTP's criminal justice functions;

## People and Standards Committee

The People and Standards Committee, disbanded following the governance review, was chaired by Len Jackson. It had four members, met once during 2017/2018 and considered a range of police complaints, discipline and people and development issues, including:

- monitoring the performance of the Professional Standards Department, including its activity on complaint handling and management of conduct cases;
- overseeing work in relation to the handling of senior officer complaints and Police Appeals Tribunals;
- overseeing the preparation of domestic regulations governing complaints and disciplinary arrangements and recommending them for approval;
- engaging with the Home Office regarding reforms to police complaints and discipline contained in the Policing and Crime Act;
- overseeing the delivery of the People Strategy;

- receiving assurances over the Force's Health and Safety arrangements;
- reviewing arrangements to ensure that BTP custody facilities are compliant with legislative requirements and government guidance.



**The new Police officers scheme was adopted on the 1 April 2016 for new recruits."**

## Policing Plan Group

The Policing Plan working group is chaired by Martin Richards. It has five members and is an annual task and finish group, which usually meets three times between October and March to determine BTP national and local targets. These targets are subsequently published in annual policing plans approved by the Authority at its full March meeting.

## Pensions Review Working Group

The Pensions Working Group, chaired by Shrinivas Honap, was set up to review and oversee the adoption of a new pension scheme for Police officers. The new Police officers scheme was adopted on the 1 April 2016 for new recruits. During 2016/2017 the working group has started a review of the current Police Staff Scheme with the intention of introducing any changes by October 2018.



### Performance and Delivery Committee

The Performance and Delivery Committee is chaired by Dominic Booth. It has seven members, met three times during 2017/2018 and considered a range of standing and 'thematic' matters as set out in its annual plan of work for 2017/2018, including:

- Assessing financial reports, including performance against annual and medium term financial plans and ensuring the effective review by the Authority of financial performance.
- Assessing progress against delivery and spend on capital projects and major revenue schemes.
- Examining post completion reports for all capital and major revenue schemes.
- To assess and provide challenge on BTP operational and organisational performance and efficiency against criteria which are defined in the strategic plan.

- Provide oversight over use of force (including stop and search and taser/firearms).
- Oversee the development and maintenance of the Force's capability and representation as set out in the people strategy through the monitoring of key HR data.
- Ensuring as the legal employer of police staff and officers of compliance with relevant employment legislation.

### Strategy and Planning Committee

The Strategy and Planning Committee is chaired by Dyan Crowther. It has five members, met three times during 2017/2018 and was created to ensure an integrated approach to the development of the Strategy, Medium Term Financial Plan, Policing Plan and annual Budget, through:

- Producing a Strategy and Medium Term Financial Plan for consideration by the Authority

- Set out the desired culture and behaviours in alignment with the Strategy.
- Oversee the development of subordinate strategies including those relating to people, equality and diversity.
- Prepare the Policing Plan in line with strategy and stakeholder requirements.
- Agree performance metrics with the force.
- Advise on the preparation of the annual budget.
- Ensure effective consultation with stakeholders in the preparation of the strategy, medium term financial plan, budget and Policing Plan.
- Business case approval in line with delegation limits set out in the code of governance.
- Reviewing annual provisional Policing Service Agreement charges.

## Executive Team

The Authority has an Executive Team of twelve, covering strategy, governance, compliance and finance.

The Authority's Chief Finance Officer fulfils the role of Treasurer to the Authority with the responsibility for the proper management of the BTP Fund. This enables the Authority to receive independent financial advice in all aspects of its activity, including the strategic planning and policy making process, as well as on budgetary matters.

Separately the BTP Chief Constable has been appointed as an Additional Accounting Officer. In this role, the Chief Executive assigned to the Chief Constable responsibilities relating to all expenditure and activities by BTP within the agreed budget and specific revenue or capital projects as defined in the Scheme of Delegation

## Risk management

Further to the Governance Review undertaken in 2015/2016 which highlighted the requirement to mature the Authority's risk management arrangements, and the subsequent development in 2016/2017 of a joint Strategic Risk Register, further efforts have occurred throughout 2017/2018 to enhance the Risk management process. These include the delivery of a strategic risk workshop attended by senior operational staff; 17 risk workshops for employees with responsibilities at sub-strategic levels; the development of flight paths for all strategic risk entries; impact definitions more closely aligned to those of Her Majesty's Government in the updated policy; formal controls assurance for all strategic risks and a full programme of monthly reviews for all Departmental and Divisional risk registers, with quarterly reviews for project risk registers.

Currently risks are assessed against their potential impact and probability on a scale of one (low) to four (high). These two scores are combined to give an inherent risk rating. The impact of mitigating actions is taken into account in providing a final residual risk rating. The joint senior management teams review both strategic and operational risks. This process produces a Strategic Risk Register that includes strategic risks (risks to the achievement of the strategy and policing plan) but also includes other significant risks (programme, project or operational) that should be brought to the attention of the Audit and Risk Assurance Committee and the Authority Board.

This information is received by both bodies on a quarterly basis.

Assessment of the Strategic Risk Register and uncertainties facing the BTP Authority are presented in the Performance Report.

Whilst the work carried out above was acknowledged by Internal Audit as a positive development, a limited opinion was issued following their review of Risk management in 2017/2018 due to the absence of a defined and agreed risk appetite as well as several issues identified with the evidence supporting Risk management in practice. Work has already begun to develop and clearly define the risk appetite, with a continued focus on this and the subsequent development of proportionate controls and measures a key focus for 2018/2019.

BTPA had limited operational risk exposure from the failure of Carillion. As Carillion was engaged by BTPA with other providers for premises maintenance activity up to the point of transfer of all such activity to a single provider under the DfT's Total Facilities Management contract which went live 1 February 2018.

## Statement of information risk

The Authority must maintain the confidentiality, integrity and availability of its information to operate effectively, efficiently and securely.

Compliance with the Cabinet Office, the Data Protection Act / General Data Protection Regulations, National Cyber Security Centre and all pertinent law and guidance for the policing community is required.

As required by the above authorities, BTPA must have policies and controls in place to ensure that access to information is correctly managed and safeguarded throughout its life cycle. I am responsible for ensuring that information risks are assessed and mitigated to an acceptable level. I am supported in the discharge of this responsibility by the BTP Senior Information Risk Owner (SIRO).

In light of concerns raised regarding the storage / management of physical records recently, further review has taken place across the force to ensure compliance and raise any concerns to Management for remediation. All related policies are up to date and issued, and an increased



Work has already begun to develop and clearly define the risk appetite, with a continued focus on this and the subsequent development of proportionate controls and measures a key focus for 2018/2019."



level of control has been put in place for PocketNote Books and general information assets. An Information Governance Board with the SIRO as Chair continues to monitor information management and report to the Force Executive Board.

We have been recently inspected by the Information Commissioner's Office and were found to be in a good condition. ICO reportable breaches have decreased, with one reportable event last year.

We continue to support key digital initiatives to ensure security and compliance and to work with specialist units to maintain controls across the diverse areas of the force.

### Personal data related incidents

There were 32 (2016/2017: 34) incidents involving personal data breaches. Of these one (2016/2017: 6) were reported to the Information Commissioner.

### Other assurance activities

#### Internal Audit

The 2017/2018 annual internal report and opinion has stated that during the financial year, moderate assurance can be taken on the adequacy and effectiveness of the framework of governance, risk management and control, with some improvements required. This is compared to a limited audit opinion in 2015/2016 and 2016/2017 and is a reflection of the significant efforts undertaken by the Force and the Authority to strengthen the control environment.

In 2015/2016 significant weaknesses were identified in the finance, payroll and contract management control environments by Internal Audit and other reviews. Detailed action plans were put in place to resolve these issues during 2016/2017 and 2017/2018, with significant oversight provided by

the Force and BTPA. During the year Internal Audit undertook a number of audits on these areas. For example, a moderate opinion was issued for management accounts and payroll core controls and a substantial rating for procurement key controls. Additionally, during 2017/2018 follow up work was performed on fixed assets and contract management to ensure all recommendations were implemented.

As already noted, risk management was rated limited due to the need to define the organisation's risk appetite.

During the year, Internal Audit undertook a review to provide independent assurance as to whether the efficiency savings reported by the BTPA to DfT are robust and deliver evidence based and supportable data. The intended output of the review is a report of factual findings at a point in time, which will not generate an audit opinion. Though it is noted that there is evidence of a budget reduction in a number of areas, at the time of the preparation of the annual report and accounts, this review was ongoing and the methodology for defining and determining efficiencies and aligning with DfT requirements is still evolving. As a result, any references to efficiencies or savings within this report are provisional, as it is too early to tell whether these are in line with the methodology. These numbers will need to be revisited in the coming years once a full methodology has been determined and as such, the Authority reserves the right to revise these numbers in future years.

#### HMICFRS

In February 2017 Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) undertook an inspection as part of the PEEL (police effectiveness, efficiency and

legitimacy) Inspection of Forces (England and Wales). Throughout the year significant progress has been made against the areas for improvement contained in the associated improvement plan. In many cases, the BTP has gone over and above the requirement as laid out by HMICFRS to ensure that the changes are embedded. Of the 84 distinct areas for improvement identified within the 15 strands, 67 have now been fully delivered. At 31 March 2018, 11 of the 15 strands are marked as "Green" which indicates good progress.

HMICFRS undertook an Effectiveness inspection in December 2017 and issued a report in July 2018. An improvement plan has been devised containing 17 distinct areas for improvement, based on five formal areas identified by HMICFRS. The BTP received a 'Good' grading across the board, which means the Force is one of 13 out of 44 Forces with a minimum of 'Good' for each of the graded questions. This is a significant achievement and recognises the level of service provided to victims and the public.

In March 2018 a Counter Terrorism inspection was carried out which will report back to the Home Secretary in July 2018

### Management Assurance Return

The Management Assurance Return is submitted to DfT to allow them to gain assurance on specific issues of governance and internal control. In 2017/2018 there has been a significant level of scrutiny of the Management Assurance Return by the Audit and Risk Assurance Committee and Internal Audit prior to submission. There were no areas of limited assurance (two in 2016/2017). Overall the control environment improved with eighteen areas being rated

substantial (thirteen in 2016/2017). However, in four areas the ratings were reduced from substantial to moderate and action plans are in place to address these.

### Financial Management and Control

During 2015/2016 weaknesses were identified within the financial management and control framework and an action plan was put in place. Over the last two years significant progress has been made to address and mitigate these identified weaknesses.

During 2017/2018 the restructure of the finance department was finalised with all staff in post, the finance system upgrades were completed, Force wide finance and procurement briefing sessions were held and a national asset identification exercise was finalised.

Going forward, there will be a continued focus on financial management and control to ensure the improvements made are embedded and built upon.

This will include a strengthened focus on cash management, with the Authority continuing initial discussions with DfT around a potential facility to draw down cash at short notice in exceptional circumstances

### Information Technology (IT)

Towards the end of 2016/2017 it was identified that the organisation's IT needed urgent and significant improvement. Following a review conducted by a third party provider in 2017/2018, an action plan was put in place to address these weaknesses. This programme of work will look to stabilise the current technology function, develop a five year technology strategy and develop a target operating model to deliver and support the technology strategy.

During 2017/2018 various activities have been commissioned to enhance the core infrastructure and deliver a step change in capability. These have included improved internet bandwidth and PSN connectivity, upgrades to various systems and the development of a structured delivery approach. Further improvements will be made through the delivery of the Digital strategy in the coming years.

### Vetting Procedures

Whilst the Authority judges overall vetting procedures to be fit for purpose, issues came to light during the year during checks on the completeness of vetting suggesting that timeliness of a subset of checks has been an issue in the recent past. Improved procedures are being put in place and to the Authority's knowledge no material issues, including financial losses, have arisen as a result of these delays.

### Board Effectiveness Evaluation

The Authority members complete a board effectiveness evaluation annually, with independent input received every three years. This evaluation focuses on whether there is a need for the Authority, and, if so, the Authority's capacity for delivering effectively and efficiently, its governance and assurance arrangements, and potential to contribute to economic growth. This will take place following completion of a full year committee cycle under the new structure.

### Data security issues

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

### Review of Effectiveness

As Accounting Officer and Additional Accounting Officer, we have responsibility for reviewing the effectiveness of the system of internal control and compliance with the Corporate Code of Governance for the Authority. Our review is primarily informed by the work of internal audit, external audit, and by the management assurance reporting and by external audit feedback in their management letter and other reports.

The Chief Financial Officer was appointed as Interim Accounting Officer effective from 18th June 2018.

Having reviewed the evidence provided to us, we are satisfied, in line with our responsibilities set out above, that the Authority and Force have implemented an improved system of internal control. Further work will continue in the financial year 2018/2019 to fully embed these strengthened controls.



**S McGarel**  
Interim Accounting Officer  
Date 13 July 2018



**P Crowther**  
Additional Accounting Officer  
Date 13 July 2018

# Remuneration Report

## The appointment of the Members of the Authority

The constitution of the Authority is set by the Railways and Transport Safety Act 2003 which determines the necessary range of knowledge and experience of Members.

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

## Remuneration policy and procedures

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

The remuneration policy for senior officers of the Authority and the BTP Chief Officer Group is determined by the Appointments and Remuneration Committee in accordance with the findings of the Senior Salaries Review Body.

The Authority's general remuneration policy is determined by:

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

- the specific factors relate to policies and guidelines from the Police Remuneration Review Body which influences the remuneration arrangements for both superintending and federated ranks.
- for police support staff, collective bargaining with recognised employee associations determines annual settlements.

The Members' salary and allowances are set by the Secretary of State for Transport following consultation with the Authority. Members receive pensionable allowances and are entitled to claim expenses for travel, accommodation and subsistence when on Authority business.

## Terms of appointment

Terms of appointments of Authority members are disclosed within the Directors Report.



the Authority is representative of the community it serves and is informed of the views and interests of these groups."



**Authority Officers**

Authority Officers	Commencement of contract	Term expiry date	Notice period required months
<b>Charlotte Vitty, Chief Executive<sup>1</sup></b>	06/04/2017	Permanent appointment	6
<b>Shahida Nasim, Interim Finance Director</b>	08/11/2016	07/07/2017	3
<b>Yifat Steuer Interim Finance Director</b>	19/06/2017	22/02/2018	3

**BTP Chief Officer Group**

Authority Officers	Commencement of contract	Term expiry date	Notice period required months
Paul Crowther, Chief Constable	01/05/2014	07/02/2021	6
Adrian Hanstock, Deputy Chief Constable	14/10/2014	13/10/2019	3
Mark Newton, Assistant Chief Constable <sup>2</sup>	01/04/2014	06/04/2017	3
Stephen Thomas, Assistant Chief Constable <sup>3</sup>	01/07/2007	Permanent appointment	3
Simon Downey, Director of Capability and Resources	22/04/2014	Permanent appointment	3
Alistair Cook, Finance Director <sup>4</sup>	09/06/2016	27/07/2018	1
Alun Thomas, Temporary ACC	02/05/2016	31/01/2018	3
Robin Smith, ACC	19/09/2016	Permanent appointment	3
Paul Brogden, Temporary ACC	20/03/2017	20/09/2017	3
Charlie Doyle, Assistant Chief Constable <sup>5</sup>	19/9/2017	05/09/2018	3

<sup>1</sup> Charlotte Vitty commenced her role of interim Chief Executive from 1 January 2017, until 6 April 2017 when she was appointed permanent Chief Executive.

<sup>2</sup> Mark Newton resigned on 6 April 2017.

<sup>3</sup> Stephen Thomas retired on the 14 May 2018.

<sup>4</sup> Alistair Cook commenced his employment with BTPA on 8 February 2016 as interim Finance Director. On 9 June 2016 he moved to BTP on a fixed term contract due to expire on 27 July 2018, with a notice period of 1 month.

<sup>5</sup> Charlie Doyle is on secondment from Surrey Police Force until 5 September 2018.

## Remuneration of Authority Members (Audited)

	2017/2018				2016/2017			
	Salary £'000	Benefits in kind (to nearest £100) £	Pension Benefits £000	Total £'000	Salary £'000	Benefits in kind (to nearest £100) £	Pension Benefits £000	Total £'000
<b>Members</b>								
<b>Rt Hon Esther McVey PC<sup>1</sup></b>	0-5	-	-	0-5	60-65	-	-	60-65
<b>Brian Phillpott<sup>2</sup></b>	-	-	-	-	10-15	-	-	10-15
<b>Dominic Booth</b>	15-20	-	-	15-20	15-20	-	-	15-20
<b>Elizabeth France</b>	15-20	-	-	15-20	15-20	-	-	15-20
<b>Len Jackson<sup>3</sup></b>	25-30	-	-	25-30	15-20	-	-	15-20
<b>William Matthews</b>	15-20	-	-	15-20	15-20	-	-	15-20
<b>Andrew Pollins</b>	15-20	-	-	15-20	15-20	-	-	15-20
<b>Mark Phillips<sup>4</sup></b>	30-35	-	-	30-35	15-20	-	-	15-20
<b>Stella Thomas</b>	15-20	-	-	15-20	15-20	-	-	15-20
<b>Anton Valk<sup>5</sup></b>	5-10	-	-	5-10	15-20	-	-	15-20
<b>Dyan Crowther</b>	15-20	-	-	15-20	15-20	-	-	15-20
<b>Ray O'Toole<sup>6</sup></b>	-	-	-	-	10-15	-	-	10-15
<b>Jeremy Mayhew<sup>7</sup></b>	15-20	-	-	15-20	1-5	-	-	1-5
<b>Beverley Shears<sup>7</sup></b>	15-20	-	-	15-20	1-5	-	-	1-5
<b>William Gallagher<sup>7</sup></b>	15-20	-	-	15-20	1-5	-	-	1-5
<b>Martin Richards<sup>7</sup></b>	15-20	-	-	15-20	1-5	-	-	1-5
<b>Shrinivas Honap<sup>7</sup></b>	15-20	-	-	15-20	1-5	-	-	1-5

<sup>1</sup> During 2016/2017 there was a temporary uplift in the Chair's time commitment to the Authority to address a number of governance matters. The full year equivalent for this role is £30,000-£35,000. As of 28 April 2017, Esther McVey stood down as Chair.

<sup>2</sup> Brian Phillpott's membership term ended 30 September 2016 & full year equivalent in 2016/2017 £25,000-£30,000.

<sup>3</sup> Len Jackson was Interim Deputy Chair from 29 April 2017 to 4 March 2018, this involves an additional 20 days on a pro-rated basis versus a 30 day annual commitment for a member, for which the full year equivalent was £15,000-£20,000.

<sup>4</sup> Mark Phillips was Interim Chair from 29 April 2017 to 4 March 2018, this involves an additional 10 days on a pro-rated basis versus the 50 day commitment of the Deputy Chair. Full year equivalent in 2017/18 for the Deputy Chair role was £25,000-£30,000.

<sup>5</sup> Anton Valk membership term ended 1 September 2017 & full year equivalent in 2017/2018 £15,000-£20,000.

<sup>6</sup> Ray O' Toole membership term ended 1 November 2016 & full year equivalent in 2016/2017 £15,000-£20,000.

<sup>7</sup> Full year equivalent in 2016/2017 £15,000-£20,000.

N.B. Ron Barclay-Smith was appointed 5 March 2018 but wasn't paid in 2017/2018 & he has a full year equivalent of £30,000-£35,000.





## Remuneration of Authority Officers and Chief Officer Group (Audited)

2017/2018					
	Salary £'000	Compensation Payments £000	Benefits in kind (to nearest £100) £	Pension Benefits £'000	Total £'000
<b>Authority Officers</b>					
<b>Andrew Figgures<sup>1</sup></b>	0-5	-	-	-	0-5
<b>Charlotte Vitty<sup>2</sup></b>	140-145	-	-	33	170-175
<b>Yifat Steuer<sup>3</sup></b>	85-90	-	-	-	85-90
<b>Shahida Nasim<sup>4</sup></b>	40-45	28	-	7	75-80
<b>Chief Officer Group</b>					
<b>Paul Crowther</b>	195-200	-	8,200	-	205-210
<b>Adrian Hanstock</b>	155-160	-	4,600	35	190-195
<b>Mark Newton<sup>5</sup></b>	5-10	1	-	-	5-10
<b>Stephen Thomas</b>	115-120	-	8,800	-	125-130
<b>Simon Downey</b>	115-120	-	-	32	145-150
<b>Robin Smith</b>	115-120	-	-	-	115-120
<b>Alun Thomas<sup>6</sup></b>	95-100	2	1,300	26	125-130
<b>Paul Brogden<sup>7</sup></b>	100-105	-	-	-	100-105
<b>Alistair Cook</b>	130-135	-	-	29	160-165
<b>Charlie Doyle<sup>8</sup></b>					

<sup>1</sup> Term as Chief Executive ended 31 December 2016. His full year equivalent salary based on his role prior to his resignation was £125,000-£130,000.

<sup>2</sup> Charlotte Vitty held the position of interim Chief Executive from 1 January 2017 and then permanent Chief Executive from 6 April 2017. Full year equivalent salary is £140,000-£145,000.

<sup>3</sup> Yifat Steuer's term as interim Finance Director began on 19 June 2017 ended on 22 February 2018. Full year equivalent salary is £130,000-£135,000.

<sup>4</sup> Shahida Nasim's term as interim Finance Director ended on 7 July 2017. Full year equivalent salary is £125,000-£130,000.

<sup>5</sup> Mark Newton departed Office on 6 April 2017. Full year equivalent salary is £105,000-£110,000.

<sup>6</sup> Alun Thomas received a temporary allowance for the ACC role between 2 May 2016 and 31 January 2018, reflected in salary. Full year equivalent salary excluding this was £80,000-£85,000.

<sup>7</sup> Paul Brogden received a temporary allowance for the ACC role between 20 March 2017 and 20 September 2017, reflected in salary. Full year equivalent salary excluding this was £90,000-£95,000.

<sup>8</sup> Charlie Doyle was seconded to BTP from Surrey Police Authority on 19 September 2017. The costs for this secondment for 2017/2018 were £74,294.

**Remuneration of Authority Officers and Chief Officer Group (Audited)**

	2016/2017				
	Salary £'000	Compensation Payments £000	Benefits in kind (to nearest £100) £	Pension Benefits £'000	Total £'000
<b>Authority Officers</b>					
<b>Andrew Figgures<sup>1</sup></b>	100-105	63	-	28	190-195
<b>Charlotte Vitty<sup>2</sup></b>	110-115	-	-	23	135-140
<b>Yifat Steuer<sup>3</sup></b>	-	-	-	-	-
<b>Shahida Nasim<sup>4</sup></b>	40-45	-	-	12	55-60
<b>Chief Officer Group</b>					
<b>Paul Crowther</b>	190-195	-	10,300	-	205-210
<b>Adrian Hanstock</b>	155-160	-	4,200	34	195-200
<b>Mark Newton<sup>5</sup></b>	120-125	-	300	-	120-125
<b>Stephen Thomas</b>	115-120	-	9,700	-	120-125
<b>Simon Downey</b>	135-140	-	-	21	155-160
<b>Robin Smith</b>	55-60	-	-	-	55-60
<b>Alun Thomas<sup>6</sup></b>	100-105	-	6,600	20	125-130
<b>Paul Brogden<sup>7</sup></b>	85-90	-	-	-	85-90
<b>Alistair Cook</b>	130-135	-	-	20	150-155
<b>Charlie Doyle<sup>8</sup></b>					

### Salary

Salary includes reference salary, overtime, London weighting and/or London allowances, reserved rights to housing allowance and any other allowance to the extent that it is subject to UK taxation. It does not include amounts which are a reimbursement of expenses directly incurred in the performance of an individual's duties.

### Bonus payments

The Authority does not operate a bonus scheme.

### Benefits in kind

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

### Performance pay

A performance management regime is in place, where objectives for the Chief Officer Group are agreed by the Authority. The performance development reviews are initiated at the year-end by the Chief Constable for the Chief Officer Group and the Chief Executive for the Authority's Executive. These are assessed by the Police Authority's Appointments and Remuneration Committee. The only opportunity for performance related pay progression is for assistant chief constables (and civilian equivalents), who progress through a salary scale when their performance is assessed as satisfactory or exceptional. The Chief and Deputy Chief Constables receive a salary on a set rate.

“

...a performance management regime is in place, where objectives for the Chief Officer Group are agreed by the Authority.”





**Pay Multiples (Audited)**

Authority Officers	2017/2018 £000	2016/2017 £000
Band of highest paid senior officer (including bonus and benefits in kind)	£205k-£210k	£205k-£210k
Median Total Remuneration	£34,502	£35,016
Ratio	6.0	5.9

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

The banded remuneration of the highest paid senior officer in the 2017/2018 financial year was £205k-£210k (2016/2017: £205-£210k). This is the Chief Constable and Additional Accounting Officer for the Authority. This was 6.0 times (2016/2017: 5.9 times) the median remuneration of the workforce, which was £34,502 (2016/2017: £35,016).

In 2017/2018 no employees (2016/2017: no employees) received remuneration in excess of the highest paid Senior Officer. The remuneration of employees ranged from £16,336 to £206,587 (2016/2017: £16,174 to £205,200).

Total remuneration includes salary, non-consolidated performance related pay, benefits in kind and

severance payments. It does not include benefits in kind relating to safeguarded travel as this only affects a small proportion of total employees and does not affect the median. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

**Pension benefits****Railways pension scheme - Authority and BTP support staff**

Pension benefits are provided for Authority and BTP support staff through the Railways Pension Scheme British Transport Police Shared Cost 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 final average pay for each year of service is payable on retirement. Members currently pay contributions of 10.06% of pensionable pay (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 final average pay and also provides a service enhancement on computing the spouse's pension, which depends on length of service. Medical retirement is possible in the event of serious ill-health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow or widower pensions.

### British Transport Police Force Superannuation Fund – Police Officers

Pension benefits are provided for Police Officers through the British Transport Police Force Superannuation Fund. This is a registered pension scheme and intended to be a fully funded scheme which provides benefits on a “defined benefit” basis. There are three benefit structures in place for members which vary according to whether they joined the Fund before 1 April 2007, between 1 April 2007 and 31 March 2015, or after 31 March 2015. Prior to 1 April 2015, members earned benefits on a “final salary” structure, whilst joiners from 1 April 2015 are able to join a Career Average Revalued Earnings (“CARE”) benefit structure. For all benefit structures, the Authority pays 60% of the total annual cost of accruing new benefits, with members paying the remaining 40%.

For members who joined before 1 April 2007, benefits can be taken unreduced from age 55 (except where members have a ‘protected’ pension age). Benefits accrue at the rate of 1/45th of final average salary (less 1/30th of final average basic state pension) for each year of beneficial membership. In addition, a lump sum equivalent to 1/30th of final average salary for each year of beneficial membership is payable on retirement. Members currently pay

contributions of 16% 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 between 1 April 2007 and 31 March 2015, benefits can be taken unreduced from age 55 (except where members have a ‘protected’ pension age) if retiring from active service and age 65 if retiring having left the Authority. 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 final average salary for each year of service is payable on retirement. Members currently pay contributions of 12% of pensionable salary. Pensions in payment and deferment are increased in line with orders made under the Pensions (Increase) Act 1971.

For members who joined from 1 April 2015 the normal retirement age from active service is 60 and for retirement, having left the Authority’s employment, it is 65. Benefits accrue at a the rate of 1/55.3 of pensionable salary for each year of active service, with a revaluation rate for active members based on Consumer Price Inflation plus 1.25% per annum. No separate cash benefit accrues, although members have the option to exchange some pension for cash

(in accordance with HMRC rules), on terms agreed between the Trustee and the Authority from time to time. Members currently pay 10% of pensionable salary. 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. Pensions are also available for members’ 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 Fund 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 Trustees discretion.



### Cash equivalent transfer value

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

CETV's are calculated by the Trustee in line with legislation and actuarial advice.

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.





## Staff Report (Audited)

### Total average number of persons employed

	2017/2018	2016/2017
Permanently employed staff <sup>4</sup>	5,044	4,912
Other staff <sup>5</sup>	43	48
<b>Total</b>	<b>5,087</b>	<b>4,960</b>

### Total staff costs (audited) consist of:

	2017/2018			2016/2017
	Permanently employed staff	Other staff	Total	Total (£'000)
	£000	£000	£000	
Salaries and wages	189,792	1,119	190,911	189,924
Social security costs	18,823		18,823	18,728
Other pension costs	75,470		75,470	55,762
<b>Sub-total</b>	<b>284,085</b>	<b>1,119</b>	<b>285,204</b>	<b>294,414</b>
Less recoveries in respect of outward secondments	(949)		(949)	(1,054)
<b>Total net costs</b>	<b>283,136</b>	<b>1,119</b>	<b>284,255</b>	<b>263,360</b>

Total expenditure on consultancy for 2017/2018 is £1,312,666 (£266,000 in 2016/2017) and total expenditure on temporary staff is £1,119,245 for 2017/2018 (2016/2017: £3,167,000).

<sup>4</sup> Permanently employed staff defined as staff with a permanent (UK) employment contract.

<sup>5</sup> Staff engaged on the objectives of the entity .



**Reporting of civil service and other compensation schemes – exit packages (Audited)**

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017
<£10,000	21	7	6	28	27	35
£10,000-£24,999	3	13	2	10	5	23
£25,000-£49,999	4	1	2	4	6	5
£50,000-£99,999	1	-	1	1	2	1
£100,000-£149,999	-	-	-	-	-	-
£150,000-£199,999	-	-	-	-	-	-
<b>Total number of exit packages</b>	29	21	11	43	40	64
<b>Total value of packages (£'000)</b>	394	258	161	463	555	721

There were 29 compulsory redundancies amounting to £394,000 in 2017/2018 (21 in 2016/2017 amounting to £258,000). There was a total of 11 other departures in 2017/2018 amounting to £161,000 (43 in 2016/2017 amounting to £463,000).

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

**Staff Composition (Audited)**

Number of persons of each sex who were employees of the entity as at 31 March 2018

	2017/2018			2016/2017		
	Male	Female	Total	Male	Female	Total
<b>Authority Members</b>	10	4	14	9	6	15
<b>Authority Officers and Strategic Command Team</b>	7	1	8	7	2	9
<b>Remaining Staff</b>	3,685	1,629	5,314	3,649	1,539	5,188
<b>Total</b>	3,702	1,634	5,336	3,665	1,547	5,212



## Sickness absences



**BTP recorded an average of 8.91 days sickness per employee against a target of 7.3 days. This is a marginal improvement on the position of 8.96 days in 2016/2017. BTP continues to be committed to promoting the health, safety and wellbeing of its employees, and has kept a focus on sickness to ensure that as many staff are at work and available for duty as possible.**

### Trade Union Facility Time

As defined under statutory reporting requirements, BTP has 23 employees who were relevant union officials during the period (FTE:23) all of whom spent between 1% and 50% of their time on union facility time during the year. The total cost of facility time was £3.2k out of a total pay bill (including employer pension contributions but excluding IAS 19 pension costs) of £232,515k (0.001%). Out of the total paid facility time hours, 28% of the time spent by relevant union officials was on paid trade union activities.

### Engagement with employees

The following staff associations are recognised by BTP:

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

The following support groups operate in BTP:

- Association of Muslim Police
- Christian Police Association
- Disability Equality Support Association
- Female Police Association
- Lesbian, Gay, Bisexual and Transgender Support Association
- National Police Autism Association
- Support Association for Minority Ethnic staff

Employees also have access to the Jewish Police Association, National Trans Police Association and Gypsy Roma Traveller Police Association.

### Disability management

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

**S McGarel**  
Interim Accounting Officer  
Date 13th July 2018

**P Crowther**  
Additional Accounting Officer  
Date 13th July 2018





# Parliamentary Accountability and Audit Report

## Regularity of expenditure (Audited):

### Losses and Special payments

	2017/2018	Restated 2016/2017
Total number of losses and special payments	85	87
Total value of losses	£797,083	£482,629
Losses statement		
Number of losses	13	4
Value of losses	£248,713	£215,215
Special payments statement		
Number of special payments	72	83
Value of special payments	£548,370	£267,413

A total of £483,370 (2016/2017 £267,413) was paid to settle legal claims from former employees and the public. There was no individual payment in excess of £300,000. A total of £65,000 was paid for ex-gratia payments in 2017/2018.

The largest loss related to the write-off of fixed assets on disposal of £234,462. There were fines and surcharges from HMRC of £12,231.

### Special payments

There have been a number of civil service and other compensation schemes which have been disclosed in the remuneration report.

There have been two special payments in 2017/2018 for a total of £65,000.



# The Certificate And Report Of The Comptroller And Auditor General To The Houses Of Parliament

## Opinion on financial statements

I certify that I have audited the financial statements of British Transport Police Fund for the year ended 31 March 2018 under the Railways and Transport Safety Act 2003. The financial statements comprise: the Statements of Comprehensive Income, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of British Transport Police Fund's affairs as at 31 March 2018 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 regularity

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

## Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the British Transport Police Fund in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Responsibilities of the Authority and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer and Additional Accounting Officer's Responsibilities, the Authority and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Railways and Transport Safety Act 2003.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the British Transport Police Fund's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting

and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the British Transport Police Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

### Other Information

The Authority and the Accounting Officer are responsible for the other information. The other information comprises information included in the annual report, other than the parts of Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Railways and Transport Safety Act 2003;
- in the light of the knowledge and understanding of the British Transport Police Fund and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse  
Comptroller and Auditor General

Date 19 July 2018

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP













3

# Financial Report



## Statement of comprehensive income

For the year ended 31 March 2018

	Note	31 March 2018	31 March 2017
		£000	£000
Income			
Police Service Agreement	6	228,866	219,097
Other Income	6	64,692	71,582
		293,558	290,679
Expenditure			
Staff costs	7	(284,255)	(263,360)
Depreciation and amortisation	9,10	(13,813)	(13,376)
Other expenditure	8	(51,594)	(48,557)
		(349,662)	(325,293)
Operating deficit		(56,104)	(34,614)
Net interest receivable		34	25
Net interest payable for pension schemes	23	(19,100)	(17,300)
Net deficit for the financial year		(75,170)	(51,889)
Other comprehensive income			
Items that will not be reclassified:			
Net gain/(loss) on revaluation of non-current assets	22	731	871
Actuarial gains/(losses) on defined benefit pension schemes	23	126,570	(235,030)
		127,301	(234,159)
Total comprehensive (deficit)/surplus for the year ended 31 March 2018		52,131	(286,048)

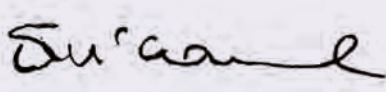
The net deficit for the financial year is transferred to reserves. Movements in reserves are set out in Note 22. All operations are classed as continuing; there were no material acquisitions or disposals during the year.

**Statement of financial position**

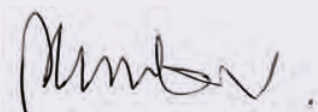
as at 31 March 2018

	Note	31 March 2018 £000	31 March 2017 £000
<b>Non-current assets</b>			
Property, plant and equipment	9	42,223	43,680
Intangible assets	10	9,741	11,008
<b>Total non-current assets</b>		<b>51,964</b>	<b>54,688</b>
<b>Current assets</b>			
Inventories	12	1,154	1,001
Trade and other receivables	13	17,868	26,721
Cash and cash equivalents	14	38,013	15,740
<b>Total current assets</b>		<b>57,035</b>	<b>43,462</b>
<b>Total assets</b>		<b>108,999</b>	<b>98,150</b>
<b>Current liabilities</b>			
Trade and other payables	15	(44,587)	(30,035)
Provisions for liabilities and charges	16	(4,738)	(4,806)
<b>Total current liabilities</b>		<b>(49,325)</b>	<b>(34,841)</b>
<b>Non-current assets plus net current assets</b>		<b>59,674</b>	<b>63,309</b>
<b>Non-current liabilities</b>			
Pension liabilities	23	(719,790)	(775,690)
Other payables	15	(873)	(1,034)
<b>Total non-current liabilities</b>		<b>(720,663)</b>	<b>(776,724)</b>
<b>Assets less liabilities</b>		<b>(660,989)</b>	<b>(713,415)</b>
<b>Taxpayers' net deficit for the year</b>			
Income and expenditure reserve	22	55,858	60,063
Revaluation reserve	22	2,943	2,212
Pension reserve	22,23	(719,790)	(775,690)
		<b>(660,989)</b>	<b>(713,415)</b>

The financial statements on pages 76 to 115 were approved by the Authority on 13/07/2018 and were signed on its behalf by:



**S McGarel**  
Interim Accounting Officer  
Date 13th July 2018



**P Crowther**  
Additional Accounting Officer  
Date 13th July 2018

## Statement of cash flows

For the year ended 31 March 2018

		2017/2018	2016/2017
	Note	£000	£000
<b>Cash flows from operating activities</b>			
Net deficit for the financial year		(75,170)	(51,889)
<b>Less non-cash adjustments</b>			
(Profit)/Loss on disposal of non-current assets	8	207	(135)
(Increase)/Decrease in trade and other receivables	13	8,853	(8,212)
(Increase)/Decrease in inventories	12	(153)	627
Increase/(Decrease) in trade payables	15	14,391	(8,289)
Increase/(Decrease) in provisions	16	(68)	1,229
Depreciation of property, plant and equipment	9	10,751	10,838
Amortisation of intangible assets	10	3,062	2,538
IAS 19 Pension adjustment	23	51,570	31,980
Net interest payable for pension schemes	23	19,100	17,300
Less cash item classified elsewhere within statement of cash flows		(34)	(25)
<b>Net cash flow from operating activities</b>		<b>32,509</b>	<b>(4,038)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9	(8,700)	(3,307)
Purchase of intangible assets	10	(1,638)	(3,265)
Proceeds from disposal of assets		68	183
Interest paid/(received)		-	-
<b>Net cash flow from investing activities</b>		<b>(10,270)</b>	<b>(6,389)</b>
<b>Cash flows from financing activities</b>			
Interest received		34	25
<b>Net cash flows from financing activities</b>		<b>34</b>	<b>25</b>
<b>Net decrease in cash and cash equivalents in the period</b>		<b>22,273</b>	<b>(10,402)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>15,740</b>	<b>26,142</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>38,013</b>	<b>15,740</b>



**Statement of changes in taxpayers' equity**

For the year ended 31 March 2018

		Income and expenditure reserve	Revaluation reserve	Pension reserve	Total reserves
	Note	£000	£000	£000	£000
<b>Balance at 01 April 2016</b>		<b>62,462</b>	<b>1,341</b>	<b>(491,380)</b>	<b>(427,577)</b>

**Changes in taxpayers' equity 2016/2017**

Net gain/(loss) on revaluation of property, plant and equipment	9,10,22	-	1,081	-	1,081
Actuarial Gains/(Losses)	22	-	-	(235,030)	(235,030)
Net deficit for the year	22	(51,889)	-	-	(51,889)
Transfer to/from Reserves	9,10,22	49,490	(210)	(49,280)	-
Excess of pension expense charged in year over employer pension contributions	23	-	-	-	-
<b>Balance at 31 March 2017</b>		<b>60,063</b>	<b>2,212</b>	<b>(775,690)</b>	<b>(713,415)</b>

**Changes in taxpayers' equity 2017/2018**

Net gain/(loss) on revaluation of property, plant and equipment	9,10,22	-	1,026	-	1,026
Actuarial Gains/(Losses)	22	-	-	126,570	126,570
Net deficit for the year	22	(75,170)	-	-	(75,170)
Transfer to/from Reserves	9,10,22	70,965	(295)	(70,670)	-
Excess of pension expense charged in year over employer pension contributions	23	-	-	-	-
<b>Balance at 31 March 2018</b>		<b>55,858</b>	<b>2,943</b>	<b>(719,790)</b>	<b>(660,989)</b>

# Notes to the Accounts

## 1. General

The accounts represent single entity accounts for the British Transport Police Fund, which is the statutory entity representing in financial terms both the BTP Authority and Force. No entities over which the British Transport Police Fund exercises control have been identified and therefore no consolidated accounts have been prepared.

The presentational currency for the accounts is the pound sterling. Except where otherwise stated amounts are rounded to the nearest £1,000.

## 2. Statement of accounting policies

These financial statements have been prepared in accordance with the 2017/2018 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the British Transport Police Authority (the Authority) for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Authority for 2017/2018 are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

### 2.1 Accounting convention

These accounts have been prepared under the historic cost convention modified to account for the revaluation of non-current assets.

### 2.2 Going concern

These accounts have been prepared on a going concern basis, notwithstanding the substantial negative taxpayers' equity.

The negative equity arises because of the Authority's substantial net liabilities relating to defined benefit pension schemes. As disclosed in Note 23 and the Directors' Report, contributions to the schemes are based on periodic actuarial valuations, including contributions for any past service deficit. The income receivable under Public Service Agreements and from Transport for London (TfL) is calculated to include such contributions. The Authority has therefore determined that it can continue to meet its liabilities as they fall due and it is appropriate to prepare its accounts on a going concern basis.

### 2.3 Accounting standards issued but not adopted

A number of new standards, amendments to existing standards and interpretations have been issued but have not been adopted in preparing these financial statements. Those standards may be adopted in subsequent periods.

A finalised version of IFRS 9 Financial Instruments is due for implementation for periods commencing on or after 1 January 2018. Adoption is not expected to have a significant impact on the accounts.

IFRS 15 - Revenue from Contracts with Customers, issued in May 2014, is due for implementation for accounting periods commencing on or after 1 January 2018. Adoption is not expected to have a significant impact on the point or measurement of revenue/income and therefore is unlikely to have a significant impact on the accounts.

The majority of BTPA income is derived from Police Service Agreements (PSA) and Enhanced Police Service Agreements (EPSA).

PSA's are in accordance with the Railways and Transport Safety Act 2003, and set out the obligations for both the Authority and the rail operator. Rail operators are legally required to hold a PSA. Charges are based on the annual policing plan which is devised in consultation with stakeholders.

EPSA's exist where a rail operator requests a dedicated service alongside a PSA or to tackle a specific issue. The rail operator will be charged the full cost of providing the EPSA.

IFRS 16 - Leases, issued in January 2016, is due for implementation for accounting periods commencing on or after 1 January 2019. The standard requires lessors to account for all leased assets as finance leases. As the Authority has significant operating lease expenditure, adoption of the standard is likely to have a significant impact on the accounts, increasing both assets and liabilities and advancing the recognition of expenditure. Subject to discounting, the operating lease commitments disclosed at note 18 provide a reasonable guide to assets and liabilities which will be brought into the financial statements at implementation. The timing of implementation is at the discretion of HM Treasury, who are yet to make a final determination. The profile of expenditure associated with the imputed interest on the new finance lease liability, and depreciation of the asset, will create a different profile for lease costs compared to the straight line basis currently used for those which will be reclassified, though the annual effect of this is expected to be immaterial.

## 2.4 Property, plant and equipment

Property, plant and equipment includes improvements and capital works to leasehold buildings, plant and machinery, Information Technology (IT) equipment, fixtures and fittings, and road vehicles required for the on-going operations of the Force. All expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised, subject to a minimum monetary limit of £1,000, on an accruals basis in accordance with IAS 16 - Property, plant and equipment. These non-current assets are recognised initially at cost, which comprises purchase price (including non-recoverable Value Added Tax (VAT)) and any costs of bringing assets to the location and condition necessary for them to be capable of operating in the manner intended and are restated to current value each year using the relevant modified historic costing indices from the Office for National Statistics (ONS).

Internal staff costs that can be attributed directly to the construction of an asset, including capital renewal schemes, are capitalised. This includes staff on the Authority's payroll specifically working on capital projects.

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

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

The Authority derecognises assets with nil net book value when they are withdrawn from use and no future economic benefits are expected from their disposal. The gain or loss on disposal is the difference between the proceeds and the carrying amount and is recognised in SoCI.

## 2.5 Assets under construction

Assets under construction reflects capital projects still in progress and not yet available for use and is measured to historic cost and subject to an annual impairment review.



## 2.6 Depreciation

Depreciation is provided on a straight-line basis over periods representing the estimated useful lives of assets. Assets start to be depreciated the month after they are deemed to be available for use.

The lives used for the major categories of assets are:

- Leasehold improvements – Number of years remaining on the lease at time of purchase
- Plant and machinery – 5 years
- Fixtures and fittings – 5 years
- Information technology – 5 years
- Road vehicles – 5 years

No depreciation is provided on assets under construction.

## 2.7 Intangible assets

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

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

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

Intangible assets are initially measured at cost and restated annually, where appropriate, using indices from the ONS. Intangible assets are amortised on a straight-line basis over a five year useful economic life.

The Authority derecognises assets with when they are withdrawn from use and no future economic benefits are expected from their disposal. The gain or loss on disposal is the difference between the proceeds and the carrying amount and is recognised in SoCI.

## 2.8 Disposals

Depreciation is charged up to the date on which the asset is disposed. Any gains or losses on the eventual disposal of property, plant and equipment are recognised in the SoCI when the asset is derecognised.

## 2.9 Impairment of assets

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

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

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

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

## 2.10 Income

Income is recognised in the period in which the income is earned on the accruals basis. Operating Income relates directly to the operating activities of The British Transport Police and is therefore recognised in the SoCI. It includes any income due under the terms of the Public Service Agreements under the Railways and Transport Safety Act 2003. It comprises mainly of contributions for services provided to customers and recovery of costs from other government departments. Income receivable under Police Service Agreement (PSA), Enhanced Police Service Agreements (EPSA) and the London Underground Agreement is recognised in the year to which the provision of service relates.

## 2.11 Leases

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

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

Rentals under operating leases are charged to the SoCI on a straight-line basis over the term of the lease. Where the arrangement includes incentives, such as rent-free periods, the value is recognised on a straight-line basis over the lease term. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The interest element of the finance lease payment is charged to the SoCI over the period of the lease at a constant periodic rate in relation to the balance outstanding.

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

Finance leases, which transfer to the Authority substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The assets are included on the fixed asset register and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the SoCI in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the useful economic life of the equivalent owned asset.

## 2.12 Provisions

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

Provisions for liabilities are based on reliable estimates of the expenditure required to settle future legal or constructive obligations that exist. Provisions are charged to the SoCI and released when the transfer of economic benefit to settle the obligation is made. The key provisions outstanding at year end were claims against the Authority, dilapidations and rent reviews.

## 2.13 Contingent liabilities

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

## 2.14 VAT

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

## 2.15 Interest payable / receivable

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

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

## 2.16 Inventories

Inventories is primarily made up of uniforms. Inventory is stated at the lower of cost or net realisable value.

## 2.17 Provision for bad and doubtful debts

All bad and doubtful debts are reviewed on a case by case basis to assess the likelihood of recovery actions being successful. Each assessment takes into account the nature of the debt, payment record of the debtor, whether they have been or are in dispute with the Authority and any other appropriate information. If it appears that a debtor has been charged incorrectly, then this amount will be put back into the charging model and the cost will be recharged out correctly.

## 2.18 Cash and cash equivalents

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

## 2.19 Staff costs

### Benefits payable during employment

An accrual is made to represent the cost of holiday entitlement and time off in lieu earned but not taken at each year end.

### Benefits payable after employment

Police officers and civilian staff are members of defined benefit pension schemes as disclosed in Note 23.



For each scheme the Authority recognises a net pension liability for the difference between the present value of the defined obligation and the fair value of the scheme's assets as at that date. The defined benefit obligation is calculated separately for each scheme on an annual basis by independent actuaries using the projected unit credit method.

Actuarial gains and losses are recognised in full in the period in which they occur, and are taken to Other comprehensive income (OCI). Current and past service costs, along with the impact of any settlements or curtailments, are charged to income and expenditure. Interest on pension plans' liabilities are recognised as finance expense in the SoCI.

## 2.20 Reserves

The Authority operates:

- A revaluation reserve that represents the cumulative impact of upward/downward revaluations of property, plant and equipment; and
- A pension reserve that is equal to the net pension liability recognised in the financial statements.

The Income and Expenditure Reserve reported within the Statement of Financial Position (SoFP) comprises a number of separate reserves:

- Retained Earnings Reserve representing cumulative past operating surpluses and deficits;
- Capital Financing Reserve representing funds that are earmarked for investing in capital assets;
- Working Capital Reserve representing financing received from the Department of Transport (DfT) to ensure the liquidity of the Authority; and
- Contingency Reserve representing amounts set aside for unexpected events, such as major incidents and crimes.

Further details of the movements on these reserves are given in Note 22.

## 3. Critical accounting judgements

In applying the accounting policies set out above, the Authority has identified one critical accounting judgement, namely the applicability of the going concern basis for the preparation of its accounts as discussed in Note 2.2 above.

## 4. Sources of estimation uncertainty

### Key sources of estimation uncertainty

The accounts contain estimated figures that are based on assumptions made by the Authority about the future, or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the accounts for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- Property, plant and equipment – as a result of changes in assumptions about useful economic lives. Any reduction in useful economic lives would reduce the assets and increase expenditure;
- Pension liabilities – as a result of assumptions on discount rates, pay increases and mortality. See further detail at Note 23; and,
- Staff costs – as a result of changes in estimates for holiday pay and time off in lieu. Any increase in the estimates for these items would increase liabilities and expenditure.
- Provision for bad debts – as a result of changes in potential recoverability of receivables. Any increase in the estimate for these items would decrease assets and increase expenditure.

## 5. Segmental analysis

The Authority operates as one class of business, that of policing the railways throughout England, Wales and Scotland, and undertakes that class of business in one geographical segment, Great Britain. BTP's structure is based on three Divisions. The three divisions are Division B (East, South of England and Transport for London), Division C (Pennine, Midlands, South West and Wales) and Division D (Scotland). Force Head Quarters based in Camden retains overall command of the Force's activity and houses central departments and functions. Whilst direct costs are monitored on a divisional basis, a large proportion of overhead expenditure is generated centrally. The majority of income is also generated and monitored centrally rather than on a divisional basis.

	2017/2018	2016/2017
	£000	£000
<b>Divisions</b>		
B Division	95,927	100,108
C Division	58,625	57,027
D Division	12,936	12,916
<b>Remaining overheads</b>	<b>182,174</b>	<b>155,242</b>
<b>Total expenditure</b>	<b>349,662</b>	<b>325,293</b>

## 6. Income

	2017/2018	Restated* 2016/2017
	£000	£000
<b>Police Service Agreement income</b>	<b>228,866</b>	<b>219,097</b>
<b>Other income</b>		
London Underground Agreement income	42,067	50,956
Enhanced Police Service Agreement income	18,989	17,823
Smaller funding agreements	1,877	2,130
Other Income	1,759	673
<b>Sub-total</b>	<b>64,692</b>	<b>71,582</b>
<b>Total</b>	<b>293,558</b>	<b>290,679</b>

\* There has been a restatement of £4.5m between London Agreement Income and Police Service Agreement for 2016/2017. This is to provide a suitable comparative for the change in application of underground expenditure in 2017/18 through the cost allocation model.

The British Transport Authority operates a number of Operating income streams and these can be categorised as follows:

### 6.1 Police Service Agreement

Under the Railways and Transport Safety Act 2003, the Authority enters into a PSA with its customers in order to provide a policing service as specified in the agreement. In determining the customers' contribution, the Authority aims to ensure that its full annual costs are covered and uses a predetermined charging mechanism that is consistent with the Act and is in accordance with the customer's PSA. The customer is normally referred to as the PSA holder.

### 6.2 Enhanced Police Service Agreements

Any additional services outside of the PSA holder's agreement are referred to an EPSA. The enhanced service is charged at full cost in accordance with the specific customer agreement.

### 6.3 London Underground Agreement

London Underground Agreement income is calculated separately from the PSA Charging Model. BTP negotiates policing requirements with London Underground charged at full cost.

### 6.4 Other Income

There are a number of smaller contract agreements with other government departments and external bodies. The income received from such customers fund specific initiatives that broadly relate to the prevention of crime and the protection of the wider society on the railway infrastructure. Of these smaller type contract agreements, contributors include Network Rail, TfL, the Home Office, the Home Office Asset Recovery Scheme (ARIS) and other smaller third party contributors.

## 7. Staff numbers and related costs

For staff numbers and related costs please see the Remuneration report.



## 8. Other expenditure

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

		2017/2018	2016/2017
	Note	£000	£000
Staff related costs		4,182	4,306
Communications and computers		12,449	12,265
Operational expenses		3,241	2,733
Administrative expenses		1,964	1,730
Professional services		2,410	1,123
Legal and Insurance		1,425	2,325
Equipment purchases		2,565	2,280
Rentals under operating leases		8,609	9,027
Premises (excluding rentals under operating leases)		9,085	8,696
Transport costs		5,280	4,105
Other		384	(33)*
<b>Other expenditure</b>		<b>51,594</b>	<b>48,557</b>
Depreciation of property, plant and equipment	9	10,751	10,838
Amortisation of intangible assets	10	3,062	2,538
<b>Depreciation and amortisation</b>		<b>13,813</b>	<b>13,376</b>
<b>Total</b>		<b>65,407</b>	<b>61,933</b>

During the year the Authority did not purchase any non-audit services from its auditor the Comptroller and Auditor General. Included in "Other" is a charge of £103k for auditor's remuneration for audit work related to 2017/2018 (2016/2017: £106k).

\* Included within other expenditure is (profit)/loss on disposal of assets of £207k (2016/2017 (£135k) and stock provision of £116k (2016/2017 £0). The remainder of the balance is made up of sundry items.

## 9. Property, plant and equipment

	Leasehold improve- ments	Plant and machinery	Motor Vehicles	Assets under construction – Motor Vehicles	Assets under construction – Other	Fixtures & fittings	IT equipment	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost</b>								
<b>As at 1 April 2017</b>	<b>41,434</b>	<b>17,460</b>	<b>14,771</b>	<b>-</b>	<b>-</b>	<b>3,347</b>	<b>26,876</b>	<b>103,888</b>
Additions	387	629	1,185	578	2,649	41	3,231	8,700
Disposals	-	-	(946)	-	-	-	-	(946)
Derecognition	(683)	(3,130)	-	-	-	(299)	(1,560)	(5,672)
Revaluations	491	91	95	-	-	14	138	829
Reclassifications	-	-	-	-	-	-	-	-
<b>As at 31 March 2018</b>	<b>41,629</b>	<b>15,050</b>	<b>15,105</b>	<b>578</b>	<b>2,649</b>	<b>3,103</b>	<b>28,685</b>	<b>106,799</b>
<b>Depreciation</b>								
<b>As at 1 April 2017</b>	<b>18,565</b>	<b>12,207</b>	<b>8,853</b>	<b>-</b>	<b>-</b>	<b>2,508</b>	<b>18,075</b>	<b>60,208</b>
Charged in year	3,062	1,642	2,087	-	-	300	3,365	10,456
Disposals	-	-	(898)	-	-	-	-	(898)
Derecognition	(494)	(3,130)	-	-	-	(300)	(1,561)	(5,485)
Revaluations	84	60	56	-	-	11	84	295
Reclassifications	-	-	-	-	-	-	-	-
<b>AS at 31 March 2018</b>	<b>21,217</b>	<b>10,779</b>	<b>10,098</b>	<b>-</b>	<b>-</b>	<b>2,519</b>	<b>19,963</b>	<b>64,576</b>
<b>Carrying amount as at 31 March 2018</b>	<b>20,412</b>	<b>4,271</b>	<b>5,007</b>	<b>578</b>	<b>2,649</b>	<b>584</b>	<b>8,722</b>	<b>42,223</b>
<b>Asset Financing</b>								
Owned	20,412	4,271	5,007	578	2,649	584	8,722	42,223
<b>Carrying amount as at 31 March 2018</b>	<b>20,412</b>	<b>4,271</b>	<b>5,007</b>	<b>578</b>	<b>2,649</b>	<b>584</b>	<b>8,722</b>	<b>42,223</b>

## 9. Property, plant and equipment (continued)

	Leasehold improve- ments	Plant and machinery	Motor Vehicles	Assets under construction – Motor Vehicles	Assets under construction – Other	Fixtures & fittings	IT equipment	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost</b>								
<b>As at 1 April 2016</b>	<b>41,580</b>	<b>19,585</b>	<b>13,876</b>	<b>2,389</b>	<b>213</b>	<b>4,219</b>	<b>30,443</b>	<b>112,305</b>
Additions	650	249	784	-	-	6	1,618	3,307
Disposals	-	-	(1,807)	-	-	-	-	(1,807)
Derecognition	(1,292)	(2,487)	-	-	-	(897)	(5,555)	(10,231)
Revaluations	496	113	116	-	-	19	160	904
Reclassifications	-	-	1,802	(2,389)	(213)	-	210	(590)
<b>As at 31 March 2017</b>	<b>41,434</b>	<b>17,460</b>	<b>14,771</b>	<b>-</b>	<b>-</b>	<b>3,347</b>	<b>26,876</b>	<b>103,888</b>
<b>Depreciation</b>								
<b>As at 1 April 2016</b>	<b>16,988</b>	<b>12,852</b>	<b>8,493</b>	<b>-</b>	<b>-</b>	<b>3,031</b>	<b>19,997</b>	<b>61,361</b>
Charged in year	2,821	1,795	2,079	-	-	365	3,568	10,628
Disposals	-	-	(1,760)	-	-	-	-	(1,760)
Derecognition	(1,292)	(2,487)	-	-	-	(897)	(5,555)	(10,231)
Revaluations	48	47	41	-	-	9	65	210
Reclassifications	-	-	-	-	-	-	-	-
<b>At 31 March 2017</b>	<b>18,565</b>	<b>12,207</b>	<b>8,853</b>	<b>-</b>	<b>-</b>	<b>2,508</b>	<b>18,075</b>	<b>60,208</b>
<b>Carrying amount as at 31 March 2017</b>	<b>22,869</b>	<b>5,253</b>	<b>5,918</b>	<b>-</b>	<b>-</b>	<b>839</b>	<b>8,801</b>	<b>43,680</b>
<b>Asset Financing</b>								
Owned	22,869	5,253	5,918	-	-	839	8,801	43,680
<b>Carrying amount as at 31 March 2017</b>	<b>22,869</b>	<b>5,253</b>	<b>5,918</b>	<b>-</b>	<b>-</b>	<b>839</b>	<b>8,801</b>	<b>43,680</b>



## 10. Intangible assets

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

	Licences	Software	Wide area network	Websites	Assets under construction	Total
	£000	£000	£000	£000	£000	£000

### Cost

<b>As at 31 March 2017</b>	<b>6,039</b>	<b>11,781</b>	<b>4,404</b>	<b>329</b>	<b>30</b>	<b>22,583</b>
Additions	705	740	-	10	183	1,638
Derecognition	(297)	(192)	(154)	-	-	(643)
Revaluations	37	160	-	-	-	197
Reclassifications	-	30	-	-	(30)	-
<b>As at 31 March 2018</b>	<b>6,484</b>	<b>12,519</b>	<b>4,250</b>	<b>339</b>	<b>183</b>	<b>23,775</b>

### Amortisation

<b>As at 31 March 2017</b>	<b>3,738</b>	<b>3,305</b>	<b>4,354</b>	<b>178</b>	<b>-</b>	<b>11,575</b>
Charged in year	777	2,179	50	56	-	3,062
Derecognition	(256)	(193)	(154)	-	-	(603)
Revaluations	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
<b>At 31 March 2018</b>	<b>4,259</b>	<b>5,291</b>	<b>4,250</b>	<b>234</b>	<b>-</b>	<b>14,034</b>

<b>Carrying amount as at 31 March 2018</b>	<b>2,225</b>	<b>7,228</b>	<b>-</b>	<b>105</b>	<b>183</b>	<b>9,741</b>
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### Asset financing:

Owned	2,225	7,228	-	105	183	9,741
<b>At 31 March 2018</b>	<b>2,225</b>	<b>7,228</b>	<b>-</b>	<b>105</b>	<b>183</b>	<b>9,741</b>

## 10. Intangible assets (continued)

	Licences	Software	Wide area network	Restated Websites	Assets under construction	Total
	£000	£000	£000	£000	£000	£000

## Cost

<b>As at 1 April 2016</b>	<b>5,526</b>	<b>6,348</b>	<b>4,404</b>	<b>335</b>	<b>3,276</b>	<b>19,889</b>
Additions	1,354	1,886	-	(5)	30	3,265
Derecognition	(867)	(470)	-	(1)	-	(1,338)
Revaluations	26	151	-	-	-	177
Reclassifications	-	3,866	-	-	(3,276)	590
<b>At 31 March 2017</b>	<b>6,039</b>	<b>11,781</b>	<b>4,404</b>	<b>329</b>	<b>30</b>	<b>22,583</b>

## Amortisation

<b>As as 1 April 2016</b>	<b>3,775</b>	<b>2,459</b>	<b>4,025</b>	<b>115</b>	<b>-</b>	<b>10,374</b>
Charged in year	830	1,316	329	63	-	2,538
Derecognition	(867)	(470)	-	-	-	(1,337)
Revaluations	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
<b>At 31 March 2017</b>	<b>3,738</b>	<b>3,305</b>	<b>4,354</b>	<b>178</b>	<b>-</b>	<b>11,575</b>

<b>Carrying amount at 31 March 2017</b>	<b>2,301</b>	<b>8,476</b>	<b>50</b>	<b>151</b>	<b>30</b>	<b>11,008</b>
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## Asset financing:

Owned	2,301	8,476	50	151	30	11,008
<b>Carrying amount at 31 March 2017</b>	<b>2,301</b>	<b>8,476</b>	<b>50</b>	<b>151</b>	<b>30</b>	<b>11,008</b>

## 11. Financial instruments

BTP has contractual provisions to receive cash payments in return for providing a Policing service and for full cost recovery of BTP expenditure. The various BTP income streams relate to agreements covered by the PSA, EPSA, TfL (funding from London Underground), Network Rail, funding from other Transport Operating Contractors, specific income funding from the Home Office and ARIS.

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

### Liquidity risk

The Authority's net income and capital resource requirements are financed by resources from the BTP PSA holders, and other Government bodies. Therefore the Authority is not exposed to significant liquidity risks.

### Interest rate risk

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

### Foreign currency risk

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

### Fair values

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

	2017/2018		2016/2017	
	Book Value	Fair Value	Book Value	Fair Value
	£000	£000	£000	£000
<b>Primary financial instruments</b>				
<b>Financial assets</b>				
Cash at bank	38,013	38,013	15,740	15,740
Trade receivables	10,096	10,096	13,143	13,143
	<b>48,109</b>	<b>48,109</b>	<b>28,883</b>	<b>28,883</b>
<b>Financial liabilities</b>				
VAT payable	3,711	3,711	1,098	1,098
Other taxation & social security payables	3,062	3,062	3,491	3,491
Trade payables	297	297	286	286
	<b>7,070</b>	<b>7,070</b>	<b>4,875</b>	<b>4,875</b>



## 12. Inventories

	2017/2018	2016/2017
	£000	£000
<b>Uniforms</b>		
Opening balance	982	1,628
Additions	1,642	786
Utilisations	(1,396)	(1,232)
Provision	(126)	(200)
<b>Closing balance</b>	<b>1,102</b>	<b>982</b>
<b>Other</b>		
Opening balance	19	-
Returns	33	26
Provision	-	(7)
<b>Closing balance</b>	<b>52</b>	<b>19</b>
<b>Total inventories</b>	<b>1,154</b>	<b>1,001</b>

During the year the provision of inventories to net realisable value amounted to £126k (2016/2017: £200k)

## 13. Trade receivables and other assets

	2017/2018	2016/2017
	£000	£000
<b>Amounts falling due within one year:</b>		
Trade receivables	10,096	13,143
Other receivables	1,118	1,176
Prepayments and accrued income	6,654	12,402
Less: Provision for bad and doubtful debts	-	-
<b>Total</b>	<b>17,868</b>	<b>26,721</b>
<b>Amounts in the above figures due from other entities included in the whole of government accounts:</b>		
Other central government bodies	1,168	19
Local authorities	9,801	10,373
Public corporations and trading funds	-	1,261
<b>Intra-government debtors</b>	<b>10,969</b>	<b>11,653</b>
Bodies external to government	6,899	15,068
<b>Total</b>	<b>17,868</b>	<b>26,721</b>

## 14. Cash and cash equivalents

	2017/2018	2016/2017
	£000	£000
Balance at 01 April	15,740	26,142
Net change in cash and cash equivalent balances	22,273	(10,402)
<b>Balance at 31 March</b>	<b>38,013</b>	<b>15,740</b>

The following balances at 31 March were held at:

Government banking service	109	109
Commercial banks and cash in hand	37,904	15,631
<b>Balance at 31 March</b>	<b>38,013</b>	<b>15,740</b>

## 15. Trade payables and other liabilities

	2017/2018	2016/2017
	£000	£000

Amounts falling due within one year:

VAT payable	3,711	1,098
Other taxation & social security payables	3,062	3,491
Trade payables	297	286
Other payables	10,044	704
Accruals & deferred income	27,473	24,456
<b>Total</b>	<b>44,587</b>	<b>30,035</b>

Amounts falling due after more than one year:

Other payables, accruals and deferred income	873	1,034
<b>Total</b>	<b>45,460</b>	<b>31,069</b>

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

Other central government bodies	9,308	5,739
Local authorities	6,685	2,707
Public corporations and trading funds	1	-
<b>Intra-government payables and liabilities</b>	<b>15,994</b>	<b>8,446</b>
Bodies external to government	29,466	22,623
<b>Total</b>	<b>45,460</b>	<b>31,069</b>

## 16. Provisions for liabilities and charges

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation as at year end.

	Claims against the Authority	Employment tribunals	Dilapidations	Other provisions	Total
	£000	£000	£000	£000	£000
<b>Balance at 1 April 2016</b>	<b>913</b>	<b>90</b>	<b>1,990</b>	<b>584</b>	<b>3,577</b>
Provided in the year	611	150	51	894	1,706
Provisions utilised during the year	(330)	-	(40)	(107)	(477)
<b>Balance at 31 March 2017</b>	<b>1,194</b>	<b>240</b>	<b>2,001</b>	<b>1,371</b>	<b>4,806</b>
Provided in the year	1,234	30		577	1,841
Provisions utilised during the year	(395)	(210)	(62)	(513)	(1,180)
Provisions written back during the year	(729)	-	-	-	(729)
<b>Balance at 31 March 2018</b>	<b>1,304</b>	<b>60</b>	<b>1,939</b>	<b>1,435</b>	<b>4,738</b>

### Claims against the Authority

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

### Employment tribunals

This provision is established on an individual case basis in conjunction with external legal advisers, relating to employment disputes, such as unfair dismissal and discrimination. The provision covers estimated costs of any settlement and any legal expenses.

### Dilapidations

This provision applies to dilapidations of leasehold properties.

### Other provisions

This relates to all other provisions and primarily includes costs relating to rental reviews and onerous leases.



## 17. Capital commitments

As at 31 March 2018 the Authority had the following capital commitments:

	2017/2018	2016/2017
	£000	£000
Estates	294	54
Technology	175	4,875
Fleet	17	2,005
Other	1,023	-
<b>Total BTP capital commitments</b>	<b>1,509</b>	<b>6,934</b>

## 18. Commitments under leases

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

Obligations under operating leases for the following periods comprise:	2017/2018	2016/2017
	£000	£000
<b>Buildings:</b>		
Not later than one year	9,089	9,245
Later than one year and not later than five years	27,757	28,886
Later than 5 years	25,722	27,408
<b>Total operating lease obligations</b>	<b>62,568</b>	<b>65,539</b>

## 19. Other financial commitments

Other financial commitments and non-cancellable contracts that have been entered into by the Authority are detailed below:

Non-cancellable contracts for the following periods comprise	2017/2018	2016/2017
	£000	£000
Not later than one year	4,531	4,622
Later than one year and not later than five years	795	2,063
Later than 5 years	-	-
<b>Total financial commitments</b>	<b>5,326</b>	<b>6,685</b>

## 20. Related party transactions

The Authority is a non-departmental public body of the DfT. The DfT is regarded as a related party. During the year, the Authority has had the following material transactions with the Department and with other entities for which the Department is regarded as the parent Department:

The Authority received a capital grant of £363k from the Department for Transport during the year and a further £623k was included in income accruals at 31 March 2018.

The total capital grant of £986k has been deferred to be offset against future years depreciation charges.

In addition, the Authority has had a number of transactions with other government departments and other central government bodies. Most of these transactions have been with Network Rail. The Authority was invoiced for £1,427k (£1,587k in 2016/2017) by Network rail in 2017/2018 and as at 31 March 2018 there was £38k outstanding (£15k at 31 March 2017). Network Rail was invoiced by the Authority for £96,189k in 2017/2018 (£86,379k in 2016/2017) and as at 31 March 2018 £100k was outstanding (£1,260k at 31 March 2017).

Paul Crowther is a member of the Board of the National Police Chief's Council. The Authority was invoiced £30k in 2017/2018 (£30k in 2016/17) and there were no outstanding balances at year end (nil in 2016/2017).

Due to its status as a National Police Force the Authority often receives grants from the Home Office. These totalled £nil in 2017/2018 (nil in 2016/2017). The Home Office is regarded as a related party.

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

The corporate governance arrangements of the Authority require members to register financial and other interests and also to disclose personal or prejudicial interests where matters are discussed at meetings of the Authority. Three members of the Authority are drawn from organisations providing railway services as detailed below:

Andrew Pollins is the Director of Transformation at London Underground Limited. In the course of the year the Authority received payments from London Underground Limited of £84,116k (£73,943k in 2016/2017) and made payments to London Underground Limited of £429k (£405k in 2016/2017). As at 31 March 2018, £8,949k (£7,487k at 31 March 2017) was due from London Underground Limited. All these amounts are payable and receivable within 30 days and not subject to interest.

Dominic Booth is the Managing Director at Abellio Group UK. In the course of the year the Authority received payments from Abellio Group UK of £15,001k (£15,661k in 2016/2017) and made payments to Abellio Group UK of £98k (£111k in 2016/2017). As at 31 March 2018, £350k (£12k in 2016/2017) was due from Abellio Group UK. Furthermore £12k (2016/2017 £nil) was due to Abellio Group UK. All of these amounts are payable and receivable within 30 days and not subject to interest.

Dyan Crowther is the Chief Executive Officer at High Speed 1 (HS1). In the course of the year the Authority received payments from HS1 of £4,508k (£4,574k in 2016/2017). All these amounts are payable and receivable within 30 days and not subject to interest.

## 21. Third party assets

The Authority administers funds on behalf of third parties. Money held in the funds is not owned by the Authority and is not included in the SoFP. Authority staff administer the British Transport Police Authority Property Act fund account and the British Transport Police cash seizures account on behalf of the Authority and the remaining funds on behalf of their respective governing bodies.

Details of these funds are below:

	2016/2017	Gross Inflows	Gross Outflows	2017/2018
	£000	£000	£000	£000
British Transport Police Authority Property Act fund account	27	1	(9)	19
British Transport Police cash seizures account	588	462	(461)	589
<b>Total third party assets</b>	<b>615</b>	<b>463</b>	<b>(470)</b>	<b>608</b>

### British Transport Police Authority Property Act fund account

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

## 22. Reserves

The distributable reserves are retained earnings, which also include the capital financing reserve, the working capital reserve and the contingency reserve. Undistributable reserves are made up of the revaluation reserve and the pension reserve.

	Distributable Reserves	Undistributable reserves		Total
		Revaluation reserve	Pension reserves	
	£000	£000	£000	£000
<b>Opening balance at 01 April 2016</b>	<b>62,462</b>	<b>1,341</b>	<b>(491,380)</b>	<b>(427,577)</b>
Gains/(losses) on revaluation of assets	-	1,081	-	1,081
Actuarial gain/(loss)	-	-	(235,030)	(235,030)
Comprehensive income for the year	(51,889)	-	-	(51,889)
Transfer between reserves	49,490	(210)	(49,280)	-
<b>Balance at 31 March 2017</b>	<b>60,063</b>	<b>2,212</b>	<b>(775,690)</b>	<b>(713,415)</b>
Opening balance at 01 April 2017	60,063	2,212	(775,690)	(713,415)
Gains/(losses) on revaluation of assets	-	1,026	-	1,026
Actuarial gain/(loss)	-	-	126,570	126,570
Comprehensive income for the year	(75,170)	-	0	(75,170)
Transfer between reserves	70,965	(295)	(70,670)	-
<b>Closing balance at 31 March 2018</b>	<b>55,858</b>	<b>2,943</b>	<b>(719,790)</b>	<b>(660,989)</b>



## 22. Reserves (continued)

### Retained earnings/Distributable reserves

The Retained earnings reserves represent the BTP's cumulative past operating surpluses/deficits from the PSA charges levied to the PSA Holders. Operating losses are carried forward and surpluses are retained and reinvested in the core business and agreed specific initiatives.

### Revaluation reserve

The Revaluation reserve represents the cumulative restatements of property, plant and equipment using the relevant modified historic costing indices from the ONS for the category of asset.

### Pensions reserve

The pension reserve represents the reverse side of the pension liability reported within the SoFP.

## 23. Disclosure of retirement benefits

The pension costs (excluding administrative expenses, taxes and net interest) associated with staff employed by the Authority during the year totalled £74.06 million (2016/2017: £54.71 million). In addition there was a net interest on the pension fund of £19.10 million (2016/2017: £17.30 million), leaving a net debit in relation of pensions for the year of £93.16 million (2016/2017: £72.01 million). The total net pension liabilities for all staff, past and present, are shown in the SoFP. These amount to £719.79 million (2016/2017: £775.69 million) net of the fair value of plan assets. HM Treasury have confirmed that the charge or credit to the SoCI arising from IAS19 should be excluded from the calculation of the amount to be reclaimed from parties with PSA's with the Authority.

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

The information in the following disclosure has been taken from the IAS 19 pensions report provided by a third party actuary.

The net position of the schemes at 31 March 2018 were as follows:

	2017/2018	2016/2017
	£000	£000
<b>Net pension liabilities</b>		
British Transport Police Force Superannuation Fund	(601,260)	(639,770)
British Transport Police Section of the Railways Pension Scheme	(118,530)	(135,920)
	<b>(719,790)</b>	<b>(775,690)</b>

The amounts recognised in the SoCI are as follows:

<b>Pension costs reflected in the SoCI</b>		
Current Service cost - BTPFSF	56,530	42,140
Current Service cost - RPS	17,530	12,570
Administrative expenses and taxes - BTPFSF	2,150	2,000
Administrative expenses and taxes - RPS	720	610
	<b>76,930</b>	<b>57,320</b>

<b>IAS19 interest reflected in the SoCI</b>		
Net Interest - BTPFSF	15,770	15,180
Net Interest - RPS	3,330	2,120
	<b>19,100</b>	<b>17,300</b>
<b>Total amount recognised in the SoCI</b>	<b>96,030</b>	<b>74,620</b>

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

## IAS 19 pension adjustment reported in the SoCF

Non cash elements related to the pension scheme are deducted from net expenditure as per the SoCF to show BTPA's overall cash position. The IAS 19 interest cost is removed in full. The other adjustment for pension charges removes the difference between the pension costs other than interest reflected in the SoCI (as per the table below) and the employer contributions paid to the schemes in each year.

	Notes	2017/2018	2016/2017
		£000	£000
<b>BTPFSF</b>			
Current service cost	23D	56,530	42,140
Administrative expenses and taxes	23D	2,150	2,000
		<b>58,680</b>	<b>44,140</b>
<b>RPS</b>			
Current service cost	23D	17,530	12,570
Administrative expenses and taxes	23D	720	610
		<b>18,250</b>	<b>13,180</b>
<b>Total I&amp;E expenses</b>		<b>76,930</b>	<b>57,320</b>
<b>Less employer contributions</b>			
- Employer contributions BTPFSF	23B	19,440	19,560
- Employer contributions RPS (including BRASS* matching)	23B	5,920	5,780
<b>Total employer contributions</b>		<b>25,360</b>	<b>25,340</b>
<b>Total IAS 19 pension adjustment reported in the SoCF</b>		<b>51,570</b>	<b>31,980</b>

\* British rail additional superannuation scheme (BRASS).

## British Transport Police Force Superannuation Fund

### A. Change in defined benefit obligation

	2017/2018	2016/2017
	£000	£000
Defined benefit obligation at end of the prior year	1,899,200	1,555,470
Current service cost	56,530	42,140
Interest expense	46,970	55,250
<b>Cash flows</b>		
- Benefits payments from plan	(52,830)	(54,360)
- Participant contributions	12,150	12,180
<b>Remeasurements</b>		
- Effect of changes in financial assumptions	(52,620)	410,270
- Effect on changes in demographic assumptions	(45,340)	-
- Effect of experience adjustments	15,060	(121,750)
<b>Defined benefit obligation at end of year</b>	<b>1,879,120</b>	<b>1,899,200</b>

### B. Changes in fair value of plan assets

	2017/2018	2016/2017
	£000	£000
Fair value of plan assets at end of the prior year	1,259,430	1,125,290
Interest income	31,200	40,070
<b>Cash flows</b>		
- Employer contributions	19,440	19,560
- Government support payments	-	-
- Participant contributions	12,150	12,180
- Benefits payments from plan	(52,830)	(54,360)
- Administrative expenses paid from plan assets	(2,150)	(2,000)
Return on plan assets (excluding interest income)	10,620	118,690
<b>Fair value of plan assets at end of year</b>	<b>1,277,860</b>	<b>1,259,430</b>



**C. Amounts recognised in the SoFP**

	2017/2018	2016/2017
	£000	£000
Defined benefit obligation	1,879,120	1,899,200
Fair value of plan assets	(1,277,860)	(1,259,430)
<b>Net liability</b>	<b>601,260</b>	<b>639,770</b>

**D. Components of defined benefit cost**

	2017/2018	2016/2017
	£000	£000
<b>Service cost</b>		
- Current service cost	56,530	42,140
<b>Total service cost</b>	<b>56,530</b>	<b>42,140</b>
<b>Net interest cost</b>		
- Interest expense on defined benefit obligation	46,970	55,250
- Interest (income) on plan assets	(31,200)	(40,070)
<b>Total net interest cost</b>	<b>15,770</b>	<b>15,180</b>
Administrative expenses and taxes	2,150	2,000
<b>Defined benefit cost included in the SoCI</b>	<b>74,450</b>	<b>59,320</b>
<b>Remeasurements (recognised in OCI)</b>		
- Effect on changes in demographic assumptions	(45,340)	-
- Effect of changes in financial assumptions	(52,620)	410,270
- Effect of experience adjustments	15,060	(121,750)
- (Return) on plan assets (excluding interest income)	(10,620)	(118,690)
<b>Total remeasurements included in OCI</b>	<b>(93,520)</b>	<b>169,830</b>
<b>Total defined benefit cost recognised in SoCI and OCI</b>	<b>(19,070)</b>	<b>229,150</b>

The Authority expects the service cost for the year ending 31 March 2019 be £54.56 million (31 March 2018: £56.52 million).

**E. Net defined benefit liability (asset) reconciliation**

	2017/2018	2016/2017
	£000	£000
Net defined benefit liability (asset)	639,770	430,180
Defined benefit cost included in the SoCI	74,450	59,320
Total remeasurements included in OCI	(93,520)	169,830
Employer contributions	(19,440)	(19,560)
<b>Net defined benefit liability (asset) as of end of year</b>	<b>601,260</b>	<b>639,770</b>

The liability has decreased from 2016/2017, primarily based on the drop in inflation rate and mortality assumptions detailed in note 23H.

**F. Defined benefit obligation**

	2017/2018	2016/2017
	£000	£000
<b>Defined benefit obligation by participant status</b>		
- Actives	927,100	883,390
- Vested deferreds	91,610	96,330
- Retirees	860,410	919,480
<b>Total</b>	<b>1,879,120</b>	<b>1,899,200</b>

**G. Plan assets**

The Scheme invests in a number of multi-asset pooled funds, including a growth pooled fund and a defensive pooled fund. The breakdown of the funds is outlined below:

The 'other' category includes infrastructure, hedge funds, investments in long term income pooled funds, and investments in illiquid growth funds.

	2017/2018	2016/2017
	£000	£000
<b>Fair value of plan assets</b>		
- Cash and cash equivalents	114,450	127,770
- Equity instruments	568,740	569,900
- Debt instruments	299,200	296,760
- Real estate	100,270	98,150
- Derivatives	44,760	43,820
- Investment funds	-	-
- Other	150,440	123,030
<b>Total</b>	<b>1,277,860</b>	<b>1,259,430</b>

## H. Significant actuarial assumptions

	2017/2018	2016/2017
<b>Weighted average assumptions to determine benefit obligations</b>		
Discount rate	2.50%	2.50%
Rate of price inflation (RPI)	3.10%	3.30%
Rate of price inflation (CPI)	2.10%	2.30%
Rate of increase in salaries	3.10%**	3.30%*
Rate of pension increases	2.10%	2.30%

\* Allowance has been made for short term pay increases of 1% each year for the 4 years following the measurement date. Then increases at the assumed rate of increase in salaries thereafter.

\*\* Allowance has been made for short term pay increases of 2% each year for the 4 years following the measurement date. Then increases at the assumed rate of increase in salaries thereafter.

At both measurement dates, a promotional scale is applied in addition to the rate of salary increases shown above.

<b>Assumed life expectations on retirement at age 65</b>	2017/2018	2016/2017
Retiring today - Males	21.8	22.1
Retiring today - Females	24.2	24.6
Retiring in 20 years time - Males	23.2	23.9
Retiring in 20 years time - Females	25.7	26.6

## I. Sensitivity analysis

	2017/2018	2016/2017
	£m	£m
<b>Net liability (asset), excluding any effect of asset limit</b>		
<b>Base</b>	<b>601.26</b>	<b>744.10</b>
<b>Discount rate</b>		
- Discount rate -25 basis points	700.43	543.50
- Assumption	2.25%	2.25%
- Discount rate +25 basis points	509.48	547.94
- Assumption	2.75%	2.75%
<b>Inflation rate</b>		
- Inflation rate -25 basis points	513.65	738.71
- Assumption	1.85%	2.05%
- Inflation rate +25 basis points	695.40	699.20
- Assumption	2.35%	2.55%
<b>Mortality</b>		
- Mortality	651.97	565.06
- Assumption	Plus one year age rating	Plus one year age rating

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

	£m		Sensitivities from Base Financial Year (FY) 2018 (one item changed with all other things held constant)				
Analysis of net SoFP	FY 2017	Base FY 2018	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate	Mortality sensitivity
Fair value of scheme assets	1,259.43	1,277.86	1,277.86	1,277.86	1,277.86	1,277.86	1,277.86
Present value of benefit obligations	1,899.20	1,879.12	1,978.29	1,787.34	1,791.51	1,973.26	1,929.83
Net liability (asset), excluding any effect of asset limit	639.77	601.26	700.43	509.48	513.65	695.40	651.97
	£m	Sensitivities from Base FY 2018 (one item changed with all other things held constant)					
Analysis of projected pension cost	Actual FY 2018	Base FY 2019	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate	Mortality sensitivity
Current service cost	56.53	54.56	59.99	50.93	50.97	59.91	56.55
Interest cost	46.97	46.47	44.06	48.60	44.28	48.83	47.74
Interest income on scheme assets	(31.20)	(31.66)	(28.49)	(34.82)	(31.66)	(31.66)	(31.66)
Administrative expenses and taxes	2.15	2.15	2.15	2.15	2.15	2.15	2.15
Total pension cost before asset limit	74.45	71.52	77.71	66.86	65.74	79.23	74.78
Actuarial assumptions	FY 2017	Base FY 2018	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate	Mortality sensitivity
Discount rate	2.50%	2.50%	2.25%	2.75%	2.50%	2.50%	2.50%
Rate of RPI assumption	3.30%	3.10%	3.10%	3.10%	2.85%	3.35%	3.10%
Rate of CPI assumption	2.30%	2.10%	2.10%	2.10%	1.85%	2.35%	2.10%
Rate of salary increase	3.30%**	3.10%*	3.10%*	3.10%*	2.85%	3.35%*	3.10%*
Rate of pension increase	2.30%	2.10%	2.10%	2.10%	1.85%	2.35%	2.10%
Mortality Table	In line with the actuarial valuation as at 31 December 2015 but using the 2015 Continuous Mortality Investigation (CMI) model with long term improvements of 1.25% p.a.	In line with the actuarial valuation as at 31 December 2015 but using the 2017 CMI model with long term improvements of 1.25% p.a.					In line with the actuarial valuation as at 31 December 2015 but using the 2017 CMI model with long term improvements of 1.25% p.a. less a one year age rating

Notes: All figures are in millions. These initial pension expense forecasts are highly sensitive to changes in market conditions and should not be relied upon without further advice  
 \* Allowance has been made for short term pay increases of 2% each year for the 4 years following the measurement date. Then increases at the assumed rate of increase in salaries thereafter  
 \*\* Allowance has been made for short term pay increases for 1% each year for the 4 years following the measurement date. Then increases at the assumed rate of increase in salaries thereafter.



## British Transport Police Section of the Railways Pension Scheme

### A. Change in defined benefit obligation

	2017/2018	2016/2017
	£000	£000
Defined benefit obligation at end of the prior year	274,760	175,780
Current service cost	17,530	12,570
Interest expense	6,870	6,340
<b>Cash flows</b>		
- Benefits payments from plan	(3,660)	(3,320)
- Participant contributions	3,910	3,830
<b>Remeasurements</b>		
- Effect of changes in financial assumptions	(16,710)	86,120
- Effect of changes in experience assumptions	(8,100)	
- Effect on changes in demographic assumptions	(6,070)	(6,560)
- Effect of experience adjustments	-	-
<b>Defined benefit obligation at end of year</b>	<b>268,530</b>	<b>274,760</b>

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

	2017/2018	2016/2017
	£000	£000
Fair value of plan assets at end of the prior year	138,840	114,580
Interest income	3,540	4,220
<b>Cash flows</b>		
- Employer contribution (including BRASS matching)	5,920	5,780
- Participant contributions	3,910	3,830
- Benefits payments from plan	(3,660)	(3,320)
- Administrative expenses paid from plan assets	(720)	(610)
Return on plan assets (excluding interest income)	2,170	14,360
<b>Fair value of plan assets at end of year</b>	<b>150,000</b>	<b>138,840</b>

**C. Amounts recognised in the statement of financial position**

	2017/2018	2016/2017
	£000	£000
Defined benefit obligation	268,530	274,760
Fair value of plan assets	(150,000)	(138,840)
<b>Net liability</b>	<b>118,530</b>	<b>135,920</b>

**D. Components of defined benefit cost**

	2017/2018	2016/2017
	£000	£000
<b>Service cost</b>		
Current service cost	17,530	12,570
<b>Total service cost</b>	<b>17,530</b>	<b>12,570</b>
<b>Net interest cost</b>		
- Interest expense on defined benefit obligation	6,870	6,340
- Interest (income) on plan assets	(3,540)	(4,220)
<b>Total net interest cost</b>	<b>3,330</b>	<b>2,120</b>
Administrative expenses and taxes	720	610
<b>Defined benefit cost included in the SoCI</b>	<b>21,580</b>	<b>15,300</b>
<b>Remeasurements (recognised in other comprehensive income)</b>		
- Effect of changes in financial assumptions	(16,710)	86,120
- Effect of experience adjustments	(8,100)	-
- (Return) on plan assets (excluding interest income)	(2,170)	(14,360)
- Net measurement regains /(losses) – demographic	(6,070)	(6,560)
Effect of asset limitation and IAS minimum funding requirement	-	-
Effect of asset limitation and IAS minimum funding requirement	-	-
<b>Total remeasurements included in OCI</b>	<b>(33,050)</b>	<b>65,200</b>
<b>Total defined benefit cost recognised in SoCI and OCI</b>	<b>(11,470)</b>	<b>80,500</b>

The Authority expects the service cost for the year ending 31 March 2019 to be £16.60 million (31 March 2018: £19.28 million).

**E. Net defined benefit liability (asset) reconciliation**

	2017/2018	2016/2017
	£000	£000
Net defined benefit liability (asset)	135,920	61,200
Effect of changes in demographic assumptions	21,580	15,300
Total defined benefit cost recognised in the SoCI and OCI	(33,050)	65,200
Employer contributions	(5,920)	(5,780)
<b>Net defined benefit liability (asset) as of end of year</b>	<b>118,530</b>	<b>135,920</b>

The liability has decreased from 2016/2017, primarily based on the drop in inflation rate and mortality assumptions detailed in note 23H.

**F. Defined benefit obligation**

	2017/2018	2016/2017
	£000	£000
<b>Defined benefit obligation by participant status</b>		
- Actives	164,770	196,400
- Vested deferreds	69,890	54,640
- Retirees	33,870	23,720
<b>Total</b>	<b>268,530</b>	<b>274,760</b>

**G. Plan assets**

The Scheme invests in a number of multi-asset pooled funds, including a growth pooled fund and a defensive pooled fund. The breakdown of the funds is outlined below:

The 'other' category includes infrastructure, hedge funds, investments in long term income pooled funds, and investments in illiquid growth funds.

	2017/2018	2016/2017
	£000	£000
<b>Fair value of plan assets</b>		
- Cash and cash equivalents	15,560	14,260
- Equity instruments	74,050	70,280
- Debt instruments	26,720	25,370
- Real estate	13,060	12,100
- Derivatives	5,830	5,400
- Investment funds	-	-
- Other	14,780	11,430
<b>Total</b>	<b>150,000</b>	<b>138,840</b>



**H. Significant actuarial assumptions**

<b>Weighted average assumptions to determine benefit obligations</b>	<b>2017/2018</b>	<b>2016/2017</b>
Discount rate	2.50%	2.50%
Rate of price inflation (RPI)^	3.10%	3.30%
Rate of price inflation (CPI)^	2.10%	2.30%
Rate of increase in salaries	3.10%*	3.30%**
Rate of pension increases	2.10%	2.30%

<b>Assumed life expectancies on retirement at age 65 are</b>	<b>2017/2018</b>	<b>2016/2017</b>
Retiring today – Males	20.5	21.4
Retiring today – Females	23.1	23.0
Retiring in 20 years time – Males	21.8	23.2
Retiring in 20 years time – Females	24.6	25.0

\* Allowance has been made for short term pay increases of 2% each year for the 4 years following the measurement date. Then increases as stated above thereafter.

\*\*Allowance has been made for short term pay increases of 1% per year for the first 4 years after the measurement date. Then increases as stated above thereafter.

^ The actuarial model uses both RPI and CPI. RPI is used to estimate price increases whilst CPI is used to estimate benefit increases.

**I. Sensitivity analysis**

	2017/2018	2016/2017
	£m	£m
<b>Net liability (asset), excluding any effect of asset limit</b>		
<b>Base</b>	<b>118.53</b>	<b>135.92</b>
<b>Discount rate</b>		
- Discount rate -25 basis points	139.12	158.06
- Assumption	2.25%	2.25%
- Discount rate +25 basis points	99.67	115.67
- Assumption	2.75%	2.75%
<b>Inflation rate</b>		
- Inflation rate -25 basis points	100.29	116.55
- Assumption	2.85%	3.05%
- Inflation rate +25 basis points	138.28	156.92
- Assumption	3.35%	3.55%
<b>Mortality</b>		
- Mortality	124.61	145.16
- Assumption	plus one year age rating	plus one year age rating

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

	Sensitivities from Base Financial Year (FY) 2018 (one item changed with all other things held constant)						
	£m	Base FY 2018	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate	Mortality sensitivity
<b>Analysis of net SoFP</b>							
Fair value of plan assets	138.84	150.00	150.00	150.00	150.00	150.00	150.00
Present value of benefit obligation	274.76	268.53	289.12	249.67	250.29	288.28	274.61
<b>Net liability (asset), excluding any effect of asset limit</b>	<b>135.92</b>	<b>118.53</b>	<b>139.12</b>	<b>99.67</b>	<b>100.29</b>	<b>138.28</b>	<b>124.61</b>
	Sensitivities from Base FY 2019 (one item changed with all other things held constant)						
	£m	Base FY 2019	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate	Mortality sensitivity
<b>Analysis of projected pension cost</b>							
Current service cost	17.53	16.60	18.26	15.09	15.20	18.12	17.03
Interest cost	6.87	6.71	6.51	6.87	6.26	7.21	6.87
Interest income on scheme assets	(3.54)	(3.82)	(3.44)	(4.20)	(3.82)	(3.82)	(3.82)
Administrative expenses and taxes	0.72	0.72	0.72	0.72	0.72	0.72	0.72
<b>Total pension cost before asset limit</b>	<b>21.58</b>	<b>20.21</b>	<b>22.05</b>	<b>18.48</b>	<b>18.36</b>	<b>22.23</b>	<b>20.80</b>
<b>Actuarial assumptions</b>							
Discount rate	2.50%	2.50%	2.25%	2.75%	2.50%	2.50%	2.50%
Rate of RPI assumption	3.30%	3.10%	3.10%	3.10%	2.85%	3.35%	3.10%
Rate of CPI assumption	2.30%	2.10%	2.10%	2.10%	1.85%	2.35%	2.10%
Rate of salary increase	3.30%**	3.10%**	3.10%**	3.10%**	2.85%*	3.35%*	3.10%*
<b>Mortality Table</b>	In line with the actuarial valuation as at 31 December 2016 but using the 2017 CMI model	In line with the actuarial valuation as at 31 December 2016 but using the 2017 CMI model with long term improvements of 1.25% p.a.					
		In line with the actuarial valuation as at 31 December 2016 but using the 2017 CMI model with long term improvements of 1.25% p.a.					

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

\* Allowance has been made for short term pay increases of 2% each year for the 4 years following the measurement date. Then increases at the assumed rate of increases in salaries thereafter.

\*\* Allowance has been made for short term pay increases of 1% per year for the first 4 years after the measurement date. Then increases as stated above thereafter.

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## CORRECTION SLIP

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### Correction

Page 58, Footnote 1: Andrew Figgures

Text currently reads:

Term as Chief Executive ended 31 December 2016. His full year equivalent salary based on his role prior to his resignation was £125,000-£130,000.

Text should read:

Term as Chief Executive ended 31 December 2016. His full year equivalent salary based on his role prior to his retirement was £125,000-£130,000.

Date of correction: 3 June 2021

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