

# [5 July 2022] Agenda Pack - Audit and Risk Assurance Committee

MEETING  
5 July 2022 10:00

PUBLISHED  
4 July 2022

# Agenda

<i>Location</i>	<i>Date</i>	<i>Owner</i>	<i>Time</i>
Microsoft Teams	5/07/22		10:00

1. Apologies

Chair

2. Declarations of Interest

All

3. Annual Report and Statement of Accounts 2021/22 - Final Adjustments

Chief Financial Officer

3.1. Summary of Changes

3.2. Final Design - Annual Report and Accounts 2021/22

4. Any Other Business

All

1. Apologies

2. Declarations of Interest

3. Annual Report and Statement of

4. Any Other Business



## Annual Report and Accounts

Changes since 13/06/22

Page (PDF)	Section	Change
10	Vision, Mission and Values	Vision, Mission and Values removed. The 2021/22 ARA aligns with outdated V, M & V so felt it would cause confusion to promote them in a 2022 document.
14	Performance Report	Footnotes were missing
15	Performance Report	Paragraph on Tasers – rewritten to clarify Scotland Specials
18	Financial Analysis	New paragraph included: A deficit remains after this adjustment as a result of two matters. Any depreciation charged on assets funded outside of the PSA charging mechanism does not time exactly when funding is received, and often the funding flows through the statement of changes in equity rather than as income. In addition, leasing costs are charged to PSA holders on a cash basis rather than on the IFRS16 cost basis which creates a difference in income and expenditure timing. Both scenarios still result in full recovery of expenditure over time
20	Current Year Performance	New sentence: In addition to the funding received with respect to COVID, DfT also provided grant in aid in the current year to support the capital expenditure required on a number of Force Estates, including Baskerville House.
25	Sustainability Report	Fleet section reworded to be clearer
34	Other Parliamentary Disclosures	Updated to reflect economic affects of COVID-19 still felt and fuel costs felt following the invasion of Ukraine
47	Principal Risks and Uncertainties	Two further risks added to the table – CT and Technology
55	Assurances	New paragraph added: This year BTP has been subject to two inspections by the Investigatory Powers Commissioner's Office (IPCO) in relation to its compliance with legislation in respect of its use and management of covert surveillance, covert human intelligence sources (CHIS) and property interference; and legislation relating to the Code of Practice governing the acquisition of Communications Data (CD). BTP demonstrated a good level of compliance in both inspections.
61-63	Remuneration Report	Minor changes to the figures and totals
64	Fair Pay Disclosures	This section had to be completely redesigned with additional information in line with auditor requirements
66	Number of high earners	Section removed, not required.
75	Special payments	Paragraph change: A total of £868,271 (£827,657 for 2020/21) was paid to settle legal claims from former employees and the public. There were a number of payments to HMRC in relation to tax/NI due for settled claims totalling £408,306. These relate to Allard & Ors v Chief Constable of Devon & Cornwall Constabulary with regards to the scope of activities constituting a recall to duty and generating overtime.

OFFICIAL

76	Report of the Comptroller	Text updated (was showing 2020/21 text)
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1. Apologies

2. Declarations of Interest

**3. Annual Report and**

4. Any Other Business



# BRITISH TRANSPORT POLICE FUND

**Annual Report and Accounts**  
for the year ending 31 March 2022

1. Apologies

2. Declarations of Interest

3. Annual Report and

4. Any Other Business

5

1. Apologies	2. Declarations of Interest	<b>3. Annual Report and</b>	4. Any Other Business
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**British Transport Police Fund**

# **STATEMENT OF ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2021**

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

Ordered by the House of Commons to be printed 14 July 2022.

HC 410

SG/2022/122

1. Apologies	2. Declarations of Interest	<b>3. Annual Report and</b>	4. Any Other Business
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1. Apologies	2. Declarations of Interest	3. Annual Report and	4. Any Other Business
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# CONTENTS

<b>1</b>	<b>PERFORMANCE REPORT</b>	<b>6</b>
	<b>Performance Overview</b>	<b>8</b>
	Chair's Statement	8
	About Us: A Strategic Overview	10
	Our Successes	12
	<b>Performance Report</b>	<b>14</b>
	Performance Summary	14
	Financial Analysis	18
	Sustainability Report	23
<b>2</b>	<b>ACCOUNTABILITY REPORT</b>	<b>26</b>
	<b>Corporate Governance Report</b>	<b>28</b>
	Directors' Report	28
	Statement of Accounting Officer's Responsibilities	36
	Governance Statement	38
	Principal Risks And Uncertainties	47
	<b>Remuneration Report</b>	<b>59</b>
	<b>Parliamentary Accountability And Audit Report</b>	<b>75</b>
	Losses/Special Payments	75
	The Certificate And Report Of The Comptroller And Auditor General To The Houses Of Parliament	76
<b>3</b>	<b>FINANCIAL REPORT</b>	<b>81</b>





# PERFORMANCE REPORT





## PERFORMANCE OVERVIEW

Chair's Statement

About Us: A Strategic Overview

Performance summary

– Key Achievements

## PERFORMANCE ANALYSIS

Operational Analysis

Financial Analysis

Sustainability Report

PERFORMANCE OVERVIEW

CHAIR’S STATEMENT

The following report and accounts provide an overview of the achievements of the British Transport Police (BTP) over the last year in meeting the objectives set by the British Transport Police Authority (BTPA).

This is my second annual statement since the onset of the COVID-19 pandemic and whilst the UK generally seems to be in recovery, we at the BTP and the Authority are fully aware that the rail industry is still feeling the aftereffects. Passenger footfall still has not returned to pre-pandemic levels and the five-day commute appears to be a thing of the past, reflected in ticket sales and travel patterns.

We want our industry partners to know we fully support them in this new, unprecedented environment. The challenges felt by industry and our close working relations will inform our ways of working.

We also appreciate the financial challenges felt at home, by BTP officers and staff. We recognise the cost of living is increasing and the BTP and the Authority are determined to strike the right balance between keeping our costs down for our funders and supporting our staff and officers financially as far as we are able in response to the current climate.

This financial year has also seen the first steps towards the creation of the new rail governing body, Great British Railways (GBR). We have been working with the Department for Transport and the GBR Transition Team to ensure that rail policing services are able to adapt to and service the new structure when it is established. The Authority and Temporary Assistant Chief Constable Gregory have also been working on a project that will examine the current security and policing arrangements on the railway in order to identify ways of optimising our contribution to the safe and reliable operation of the modern rail environment.

This need for multi-agency collaborative working between policing and security services was highlighted in the first volume of the Manchester Arena Inquiry, published last year. The Force and the Authority have carefully and deeply reflected on the Inquiry’s recommendations and as the Inquiry continues to report its findings, we will ensure that collaborative working is at the forefront of our planning and everything we do.

This year was also the first full year with BTP under the leadership of Chief Constable Lucy D’Orsi QPM. Lucy has done some excellent work transforming the internal culture of the Force, embedding a new mission, vision and values and developing the new 2022–27 Strategic Plan, published in May 2022. The Authority looks forward to working with Lucy as her bold plans for the development of the Force are implemented over time.

*We want our industry partners to know we fully support them in this new, unprecedented environment. The challenges felt by industry and our close working relations will inform our ways of working.*

Under Lucy's tenure, the Force has also made tackling Violence Against Women and Girls (VAWG) on the rail and underground network one of its top priorities. The 2021/22 financial year has seen 515 additional deployments to target unwanted sexual behaviour on the network, resulting in 2237 additional trains patrolled and 47 arrests. There has also been a 177% increase in reports of sexual harassment, showing an increased willingness to report. We can only help to protect those affected by these terrible crimes if we obtain the necessary information. We are grateful to those courageous passengers and staff who do report unwanted sexual behaviour.

**The 2022-27 BTP Strategic Plan will focus on six objectives:**

- Reducing the likelihood of people coming to harm on the railways;
- Ensuring fewer victims of the most serious crimes;
- Working with partners to reduce disruption;
- Building the trust and confidence of passengers and rail staff to defeat criminality together;
- Generating value for money through the exploitation of technology;
- Building a modern and inclusive workforce.

We have also welcomed a new Deputy Chief Constable, Alistair Sutherland QPM, who joined us from the City of London Police in Autumn 2021. Alistair is the national policing lead for Counter Terrorism Command and Control and will be responsible for BTP's Strategy and Performance, Corporate Governance, Professional Standards and Strategic Communication.

Finally, I should like to thank all of the BTP staff and officers for their continued efforts in this financial year. The pandemic saw a decline in passengers yet also created opportunities for an increase in other crimes, like graffiti and vandalism, due to fewer people on the network. I have been immensely proud to witness the way the Force, individual officers and staff as well as the staff of the Authority have adapted their ways of working in the face of unprecedented change, and I look forward with my Authority colleagues to overseeing this work in the future.



**Ron Barclay-Smith**  
Chair

# ABOUT US

## A STRATEGIC OVERVIEW

### Who we are

The British Transport Police Authority (BTPA) 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

BTPA is an independent body responsible for overseeing the work of the British Transport Police (BTP) – the national dedicated police force for the railways. The number of members ranged between 9 and 14 throughout 2021/22; they provided knowledge and experience of issues that concern passengers, the railway industry and railway employees. The members currently meet six times a year to set British Transport Police strategy, medium-term financial plans and annual budgets, monitor its operations and allocate funds. Members also carry out supporting business through committees and working groups, the current structure (as of 31 March 2022) includes:

- Audit and Risk Assurance Committee
- Appointments, Remuneration and Appraisal Committee
- Strategy and Planning Committee
- Performance and Delivery Committee
- Scottish Railways Policing Committee
- Policing Plan Working Group
- Pensions Working Group
- Complaints Review Panel
- Strategy Working Group
- People and Culture Committee

### BTP's 2018–22 Strategic objectives

#### Protecting People

Protecting the network and passengers from the threat of terrorism, anti-social behaviour and crimes that cause the most harm.

#### Reducing Delays and Disruption

Reducing the impact of trespass on the network, through prevention and working in partnership to identify lasting solutions, to return possession to the railway operators as soon as it is practically safe to do so.

#### Providing Value for Money

Putting our people in the places where they are needed most, investing in technology, identifying additional sources of funding and providing regular, consistent and relevant reports to stakeholders.

#### Building a Skilled and Specialist Workforce

Providing the equipment and tools our officers and staff need to do their job safely and effectively; attracting and retaining a diverse workforce by focusing on the recruitment, development and progression of under-represented groups and reducing the gender pay gap.

This Annual Report aligns with the BTP's strategic objectives for 2018–22. Please refer to the Chair's Statement for details of the 2022–27 objectives.







# OUR SUCCESSES

**515**  
**ADDITIONAL**  
**DEPLOYMENTS**

to **target unwanted sexual behaviour** on the network, resulting in:



**2,237**  
additional  
trains patrolled



**46**  
arrests



**477**  
stop  
accounts



**67**  
stop  
searches



**46**  
safeguarding  
interventions



County Lines:

**153 INTERVENTIONS**  
**INVOLVING**  
**CHILDREN OR**  
**YOUNG PEOPLE**



In January 2022,

**THE FORCE'S BIRMINGHAM HUB**  
**- BASKERVILLE HOUSE - OPENED**

BTP officers in Scotland have  
**BEEN ABLE TO CARRY**  
**TASERS ON DUTY**

since September 2021



**30% INCREASE**

in **crisis interventions**  
in 2021/22

BTP  
arrived  
at fatal  
incidents  
in an

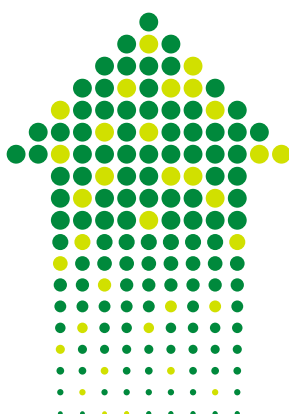


**AVERAGE OF**  
**19 MINUTES**

The percentage of **priority incidents attended within 60 minutes** has



**INCREASED**  
**FROM 87%**  
**TO 93%**



Female officer representation

**UP FROM 21.3% TO 21.8%**

Ethnic minority officers

**UP FROM 9.9% TO 10.6%**



1. Apologies
2. Declarations of Interest
3. Annual Report and
4. Any Other Business

PERFORMANCE REPORT

PERFORMANCE SUMMARY

Protecting and Safeguarding People

The BTP aims to Protect and Safeguard People by prioritising four areas: protecting the network from the threat of terrorism, preventing and detecting the most harmful crimes, helping people in crisis or at risk of exploitation, and exploiting technology to complement the BTP policing approach.

During 2021/22, there were 13,125 counter-terrorism armed patrols carried out at Category A stations, while eight multi-agency exercises took place with industry partners to test their responses and identify any areas for development. There were also 32 ACT (Action Counters Terrorism) awareness and operational input sessions carried out throughout the financial year.

There was a 38% increase in the number of notifiable crimes recorded by BTP compared to the previous year (increase from 37,312 in 2020/21 to 51,345 in 2021/22). In Scotland, there was an 8% increase in crimes (Groups 1-5)<sup>1</sup> recorded by BTP in 2021/22 compared to the previous year, from 1,213 to 1,310. The number of offences (Groups 6-7)<sup>2</sup> recorded in Scotland increased by 35%, from 2,788 to 3,759.

Variations in rail passenger numbers since the outbreak of the COVID-19 pandemic have continued to influence demand on BTP. The Office of Rail and Road (ORR) reported that there were 714.9 million passenger journeys during quarters 1 to 3 in 2021/22; this was a 132% increase compared to the same period last year.<sup>3</sup> The number of crimes per million passenger journeys reduced from 42.5, during quarters 1 to 3 in 2020/21, to 28.7 for the same period in 2021/22. Compared to 2019/20, BTP recorded 30% fewer offences (2019/20: 73,144).

Although BTP has seen only small changes in the number of vulnerability reports received relating to adults (2020/21: 3,694, 2021/22: 3,696) and children (2020/21: 9,894, 2021/22: 10,038), there has been a 30% increase in crisis interventions in 2021/22 (2020/21: 10,533 2021/22: 13,740).

BTP have improved their response times, with the percentage of priority incidents attended within 60 minutes increasing from 87% to 93%, with 76% of immediate incidents arrived at within 20 minutes, up from 73% the previous year.

BTP joined the Government and other police forces across England, Scotland and Wales in their nationwide efforts to tackle Violence against Women and Girls.

1 Crime Group classifications: 1: Non sexual violent crime, 2: Sexual crime, 3: Crimes of dishonesty, 4: Fire raising / vandalism etc., 5: Other crimes. Source: Recorded Crime in Scotland, 2020-2021. Available from <https://www.gov.scot/publications/recorded-crime-scotland-2020-2021/pages/35/> [Accessed 03.05.2022]  
2 Offence Group classifications: 6: Miscellaneous offences, 7: Motor vehicle offences. Source: Recorded Crime in Scotland, 2020-2021. Available from <https://www.gov.scot/publications/recorded-crime-scotland-2020-2021/pages/35/> [Accessed 03.05.2022]  
3 714,910,148.53 franchise and non-franchise passenger journeys taken in 2021/22 quarters 1 to 3, compared to 308,212,037.39 during the same period in 2020/21. Source: Office of Rail and Road (ORR) – Table 1221 – Passenger journeys by sector. Available from <https://dataportal.orr.gov.uk/statistics/usage/passenger-rail-usage/table-1221-passenger-journeys-by-sector/> [Accessed 29.04.2022]



In November 2021, BTP were awarded White Ribbon Accreditation, recognising a commitment to tackle violence against women.

Specifically in London, BTP are working with Transport for London (TfL) on the 'Report it to Stop it' campaign to tackle unwanted sexual behaviour on the capital's transport network. This campaign encourages passengers to text BTP on 61016 in response to any behaviour that makes them feel uncomfortable.

This year has seen a 177% increase in reporting of sexual harassment. This doesn't necessarily mean an increase in occurrence of these crimes but instead that victims are more confident and willing to report it, thanks to prominent posters and messaging across the network.

BTP funded 515 additional deployments to target unwanted sexual behaviour on the network, resulting in 2237 additional trains patrolled, 46 arrests, 477 stop accounts, 67 stop searches and 46 safeguarding interventions. An anonymous online reporting system was also launched.

BTP has been at the forefront of the national effort to tackle County Lines criminality, which is the practice of drug trafficking from cities to rural areas, usually by vulnerable people coerced by gangs and often using the rail network. During 2021/22, BTP officers seized 12.789kg of drugs, 165 weapons and £518,989 in cash. 548 arrests were made, with five Modern Slavery charges including the force's first conviction for child trafficking. Importantly, as part of the County Lines activity, 153 interventions were made involving children or young people.

The Force has secured a further £12.9m investment from the Home Office for County Lines for the next three years.

Behind the scenes of this critical police work, BTP are continually looking at new and innovative ways to use technology to support its approach.

In January 2022, the Force's Birmingham Hub - Baskerville House - opened. This new Midlands base provides critical technology that will help to ensure no disruption to the

Force Control Room based there. It will also be a flagship for Smarter Working at BTP, with hot desking and technology to enable agile working for all that work there.

Furthermore, the BTP technology department has started work on a new mobile application, the Railway Guardian app. This app will allow users to report incidents to the 61016 number, as well as anonymous reporting and reporting station issues to train operating companies.

Reduce Delays and Disruption

The impact of disruption to the rail network is far reaching – from the individual journey, vital supplies via freight and impact to people and businesses across the country. BTP has a vital role to play in preventing disruption events or dealing with the aftermath in a professional and expeditious manner, so that services can run safely and on time.

The number of disruption incidents increased by 38% in 2021/22 (2020/21: 19,890, 2021/22: 27,380). The number of minutes associated with these incidents increased by 58% (2020/21: 817,328; 2021/22: 1,293,215). This is in part a reflection of the increasing traffic on the network in 2021/22 as we emerged from COVID-19 restrictions.

BTP continues to work jointly with the rail industry to reduce trespass, with a focus on hotspot locations, the development of joint problem solving plans and regular reviews of performance, activity and recommendations to improve safety. They have also been working with Network Rail and other rail industry partners on the 'You vs. Train campaign', which encourages people to consider the serious consequences of trespassing on the railway. BTP Officers continue to patrol the network to help tackle the issue and have also been engaging with schools to raise awareness of the dangers of the railway. However, disruption minutes caused by trespass have increased by 20% compared to 2020/21 (20/21: 237,304 21/22: 285,050).



An important part of preventing disruption is focusing on those who are most vulnerable and/or at risk. The number of life-saving interventions by BTP increased in 2021/22 by 20% (2020/21: 1998, 2021/22: 2403).

While fatality hand back time (non-suspicious) has remained static at 97 minutes, the Force are still missing the agreed target of under 90 minutes. BTP continues to arrive at fatal incidents in a prompt manner, in an average of 19 minutes, the same as in 2020/21. However, the number of primary disruption minutes caused by fatalities or injuries caused by a train increased by 19% (2020/21: 116,199, 2021/22: 138,352).

Providing Value for Money

BTP partners and the public want to be confident that the budget and resources will be used effectively and can demonstrate that BTP provides value for money in delivering the services they need. BTPA is funded by the railway and follows government regulations around safeguarding public money.

There are several levers in place to ensure value for money including controls over purchasing and contract award. A robust Commercial approach

guides procurement purchases and contract management and reports into a Strategic Commercial Board at BTP. In parallel, the Finance Assurance Board reviews areas of spend, such as procurement card purchases. BTP works with the Crown Commercial Service and the wider policing community to achieve synergies and value for money. This can be illustrated with the transfer of the BTP's uniform procurement to the National Uniform Managed Service which has not only delivered cash savings but also shared opportunities alongside broader uniform disposal cost avoidance benefits.

The move to Baskerville House in Birmingham delivered cash savings but also allowed the Force to introduce smarter working initiatives to support employee wellbeing and retention which have enabled an overall reduction in floorspace and environmental footprint.

There continues to be a focus on the effective deployment of BTP resources to meet emerging priority demand. As part of the Force's urgency to tackle Violence against Women and Girls (VAWG) on the rail network, a number of officers will be deployed operationally for an additional two days per month allowing added visibility for no extra cost to the rail industry. Further details surrounding wider efficiencies and benefits are continued later in the report.



## Building a Skilled and Specialist Workforce

The strategy states that BTP officers and staff will be appropriately trained and equipped with the skills and tools needed to deliver the specialist policing required to achieve the Force's objectives.

This year, officers in Scotland have been able to carry Tasers on duty since September. In England and Wales, 20 Special Officers have been trained to use and carry Taser, with BTP being the first national force to adopt this position.

The Force's Uniform Board have reviewed and/or tested a range of items including trousers, epaulettes and stab vests in order to improve comfort for officers and staff. In Scotland, 200 waterproof jackets, beanies and microfleece have been rolled-out to combat winter weather. Gender neutral uniforms are also available to all staff and officers.

An Officer Compendium has been published which sets out all officer terms and conditions in one place. There has also been an increase in the paternity and baby loss offer; now the most generous in UK policing.

Police officer and staff combined turnover increased, with 537 leavers in 2021/22 compared to 427 in 2020/21. However, sickness rates decreased from an average of 14.9 days taken per person (Full Time Equivalent) to 12.4 (including COVID-19 related sickness).

BTP has seen marginal increases in its representation rates for female and ethnic minority police officers at the end of 2021/22 compared to the previous year, with female officer representation up from 21.3% to 21.8% (at 31 March) and ethnic minority officers up from 9.9% to 10.6%.

In the 2021-22 financial year, our Specials volunteered 100,225 hours on duty. We had an average of 297 Specials across the year.

BTP has focused heavily on officer and staff wellbeing this year, launching a wellbeing hub on the Force intranet with over 25,000 hits to date. They have also trained 93 peer supporters to support wellbeing across the Force, with plans to grow this programme.

BTP's gender pay gap for 2022 reduced for the fourth consecutive year to a mean gap of 6% and median gap of 12.3% (2020: 7.6% mean and 13% median).

The Force launched a confidential 'Speak Up' reporting app, 'Trust your gut' and PSD Victims' Charter to make reporting inappropriate behaviour, bullying and harassment simple and transparent with victims at the heart. The Force have also launched a new mission, vision and values entitled 'A Force on the Move'.



## PERFORMANCE ANALYSIS

# FINANCIAL ANALYSIS

**The net deficit for the financial year was £109.9 million (2020/21): £66.6 million), £106.6 million (2020/2021: £56.5m) of which relates to IAS19: Employment Benefits pensions accounting adjustment. The result excluding the IAS19 adjustment is therefore a £3.3 million deficit (2020/2021: £10.1m deficit).**

A deficit remains after this adjustment as a result of two matters. Any depreciation charged on assets funded outside of the PSA charging mechanism does not align exactly with when funding is received; and often the funding flows through the statement of changes in equity rather than as income. In addition, leasing costs are charged to PSA holders on a cash basis rather than on the IFRS16 cost basis which creates a difference in income and expenditure timing. Both scenarios still result in full recovery of expenditure over time

	Year ending 31 March 2019 £'000	Year ending 31 March 2020 £'000	Year ending 31 March 2021 £'000	Year ending 31 March 2022 £'000	Budget 2022/23 £'000
<b>Income</b>	303,189	305,262	319,838	331,123	347,296
<b>Expenditure</b>	(376,450)	(384,978)	(386,460)	(441,006)	(454,670)
<b>Net Deficit</b> Including IAS19 pension costs	(73,261)	(79,716)	(66,622)	(109,883)	(107,374)
<b>Adjusted net surplus/ (deficit)</b> Removing IAS19 pension costs	(1,904)	(5,726)	(10,132)	(3,313)	(2,710)

<b>Non-Current Assets</b>	49,419	68,043	67,690	89,826	N/A
<b>Total Assets</b>	108,790	126,661	125,612	154,049	N/A
<b>Current Liabilities</b>	(49,495)	(55,011)	(58,194)	(62,546)	N/A
<b>Non-Current Liabilities</b>	(782,352)	(596,237)	(1,054,862)	(938,016)	N/A
<b>Taxpayers Equity</b>	(723,057)	(524,587)	(987,444)	(846,513)	N/A

## Five-year Financial Performance

The table shows financial outturn figures for the year ending 31 March 2019 to the year ending 31 March 2022 and the budget for 2022/23.

A new Medium-Term Financial Plan covering 2022/23 through to 2026/27 was reviewed by the Authority during 2021/22. The total expenditure control budget was approved for 2022/23 as well as an increase to the Policing Service Agreements (PSA) charges in line with RPI plus 1% to allow for the Workplace Violence Coordination Unit and resources for the Elizabeth line.

The table indicates that the key volatile element of the annual income and expenditure is the IAS19 pension costs. An adjusted deficit figure removing the IAS19 cost has therefore been provided to allow comparability over the four years and a clearer underlying financial position. The IAS19 adjustment is the sum of net interest on the net defined benefit liability, administration and service cost; reduced by employer contributions.

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 2021 shows net pension liabilities of £1,039.1 million. The net liability of the scheme on 31 March 2022 was £912.5 million; a decrease of £126.6 million in the year. A higher discount rate has significantly decreased the benefit obligation in the current financial year. The Department for Transport (DfT), as the Authority's sponsoring department, underwrites any pension shortfalls.

## Current Year Performance

The net deficit for the financial year was £109.9 million (2020/21: £66.6 million), £106.6 million (2020/2021: £56.5m) of which relates to IAS19: Employment Benefits pensions accounting adjustment. The result excluding the IAS19 adjustment is therefore

a £3.3 million deficit (2020/2021: £10.1m deficit).

Costs as a result of the COVID-19 pandemic were incurred in 2021/22 however not to the degree experienced during 2020/21. The table below shows the breakdown of the expenditure incurred as a result of the pandemic compared to the previous financial year. The DfT agreed grant-in-aid to fully fund the 2020/21 expenditure. £6.5 million of this funding was received during 2020/21, and the remainder in 2021/22. Grant-in-aid is accounted for on a cash basis, despite the Fund otherwise being reported on an accruals basis. Funding was recognised through the statement of changes in equity. Expenditure in the current year has been absorbed within existing funding.

Spend category	2021/22 (£'000)	2020/21 (£'000)
Operation 'Big Wing'	210	1,660
Other revenue	1,580	6,860
Capital	9	1,060

Operation 'Big Wing' expenditure refers to costs incurred on additional dedicated operations at peak travel times during lockdown periods and where there were limited rail services. Other revenue expenditure refers in part to overtime incurred to maintain operational staffing levels during the pandemic. This cost category also includes the purchase of personal protective equipment, cleaning services as well as costs associated with single vehicle crewing required to maintain safe working practices. Capital expenditure in the prior year facilitated agile and remote working; the minimal expenditure in the current year was to maintain a safe working environment in offices.

Income recognised in the year increased by £11.3 million, from £319.8 million in 2020/21 to £331.1 million in 2021/22. This

increase is largely due to an inflationary increase in BTPA charges. In addition to the funding received with respect to COVID-19, DfT also provided grant-in-aid in the current year to support the capital expenditure required on a number of Force Estates, including Baskerville House.

There was an increase of £44.1 million in staff costs, from £299.2 million in 2020/21 to £343.2 million in 2021/22. £43.1m of this increase is as a result of a higher IAS19 pensions contributions adjustment. The remaining £1m increase is attributable to employee spine point progression. No significant cost impact resulting from the annual leave liability value existed in the current year compared to a £4.7m cost incurred in 2020/21. No pay award was given to employees in 2021/22.

Other expenditure increased by £3.9 million, from £55.0 million in 2020/21 to £58.9 million in 2021/22. Increased fleet fuel and maintenance costs, as well as increasing legal claim expenditure have been the main drivers for this increase. The organisation has also incurred a one-off cost for software licenses. The impact on the statement of comprehensive income of IAS19 pension adjustments at £113.8m is much higher than the previous year (2021/22 £68.48m) as a result of the increase in liability in the prior year. For further detail on the breakdown of costs please refer to Note 23 in the Financial Statements.

In the statement of financial position, the carrying value of non-current assets increased by £22.1 million, from £67.7 million in 2020/21 to £89.8 million in 2021/22. Additions of £36.7 million were made in the current year; the largest being £10.1 million IT equipment to invest in the IT infrastructure, as well as right of use property additions at a value of £13.4 million. Leases linked to these additions included Brewery Road, Baskerville House and Spring House. Two significant capital projects in the current year were the development of Baskerville House (capital cost £5.9 million) and essential investment in the wider estate portfolio (capital cost £3.7 million). The DfT provided grant-in-aid during 2021/22 to fund this expenditure,

which has been reflected through the Statement of Changes in Equity. The revaluation of assets also increased the total value of non-current assets by over £3 million. This was reduced by depreciation and amortisation charges of over £17 million.

Total current assets increased by £6.3 million, from £57.9 million in 2020/21 to £64.2 million in 2021/22. Receivables decreased by £10.8 million, though this was offset by an increase of £16.8 million in cash. The main cause for the net movement is the early cash receipt of funds from a customer which is usually received in the next financial year. A cash receipt from the DfT of £3 million relating to the 2020/21 Covid-19 grant-in-aid was also received early in the financial year.

Total current liabilities increased by £4.4 million, from £58.2 million in 2020/21 to £62.6 million in 2021/22. This derives from an increase in the trade and other payables balance, as well as an increase in provisions. The increase in the trade and other payables balance was caused by an increase in accruals as well as fewer invoices waiting to be paid in the accounts payable ledger. Project accruals have increased by over £3 million in 2021/22 compared to the prior year as a result of timing of receipt of invoices. The value of provisions has increased through a higher level of new provisions or uplifts compared to the value of provisions utilised or written back. These movements have occurred across a range of provision types. The largest new provision was for a new legal claim relating to a historic matter for £0.7 million.

The value of non-current liabilities decreased by £116.9 million, from £1,054.9 million in 2020/21 to £938.0 million in 2021/22. This was driven by a decrease in the net pension liability following a higher discount rate applied in the IAS19 valuations. While the European Union Exit has had a material impact on many public sector organisations during 2020/21 and 2021/22, it has not had the same impact on this organisation. No material additional expenditure has been incurred as a result of this event.



## Delivering Efficiency and Benefits

BTPA is established in improving efficiency and delivering wider benefits for both partners and the public. The commitment in the Strategic Plan to achieving £18.7 million in lasting cashable efficiencies over the period of implementation has been continued. £2.9 million of new efficiencies were attained in 2021/22 with a further £1.4 million of efficiencies settled in the 2022/23 refreshed Medium-Term Financial Plan.

In 2021/22 the BTP2021 portfolio culminated with the conclusion of a final series of savings and benefits aligned to the delivery of the current strategy. The efficiency programme completed the Duty & Event Planning restructure, resulting in savings of approximately £0.4 million and the accomplishment of better results with the same resources via more consistent deployment approaches. The Force has released meaningful savings through the rationalisation of its training estate. Full implementation of new structures, partnering models and professionalised and automated processes for Finance, People and Commercial functions has provided savings of £1 million in 2021/22.

The Force has continued to exploit opportunities derived from the evolving pandemic that have sustained employee productivity and wellbeing. The rollout of Microsoft Teams via video conferencing has generated emerging savings within the Force's telephony contract and supported the cancelation of legacy audio-visual contracts. The BTP's cost improvement programme has continued to target non-pay savings opportunities surrounding hotel, travel and wider subsistence. BTP has concluded that the CCTV Network Migration project, which has supplied cash savings whilst improving CCTV service quality, connectivity and flexibility.

BTPA recognises the significant financial challenges that the rail industry is facing. The Authority is committed to play its part in ensuring a continued focus on identifying and delivering both cashable efficiencies as well as an increase in productivity through BTP's 'A Force on the Move' change programme.



1. Apologies
2. Declarations of Interest
3. Annual Report and
4. Any Other Business

## Key areas of progress this year include:

### Technology

BTP has delivered the final elements of a 3-month rollout of new IT Infrastructure across its 145 offices under the End User Compute programme. By the end of the 3 months, the Force supported by its supplier Computacenter, issued close to 2500 laptops and fitted out a similar number of desks with new 24 Inch Monitors and connected over 5000 new keyboards and mice. Additionally, the programme will have removed over 10,000 legacy pieces of equipment for either market resale to be recycled or environmentally disposed. It has enabled an instantaneous improvement to frontline operational effectiveness with an 80% improvement on terminal logon times from 13 to 3 minutes which will allow BTP officers to increase visibility across the network. This ongoing refresh of infrastructure continues to support security and utilisation of core systems such as Niche Crime Recording and Control Works Incident Recording which have seen 90% improvements in accessibility speeds as a result of the fitting of new laptop devices. The technology team continue to issue modern mobile devices to employees that both complement and allow us to reduce the total number of fixed work spaces. The combined technology workstreams delivered savings in 2021/22 of £0.5 million.

### Digital Evidence Management System (DEMS)

The Force has completed the implementation of the DEMS system to become a 'one-stop shop' for officers to manage digital evidence. It is interfaced with the crime and incidents record management systems and a number of other specialist evidence storage solutions currently used by BTP. Now fully functional, this will allow for working copies of digital evidence to be viewed side by side in DEMS. This will enable officers to view the different forms of digital evidence at a click, rather than requesting and waiting to receive evidence stored on portable media. DEMS will also be the cloud storage location for all new CCTV data. The programme has delivered both cash savings with the decrease in hard media costs such as CDs and will contribute in reducing criminal justice delays by facilitating the ability to share digital evidence directly from DEMS to the CPS.

### Smarter Working

Alongside the introduction of NUMS and the move to Baskerville House in Birmingham the Force continues to deliver a Smarter Working portfolio accelerated via the pandemic. This includes maximising investment in Office365 packages and use of Microsoft Teams to enhance collaboration and augment team planning and communications which enables a blended working approach that promotes staff wellbeing while maintaining a productive service offering to partners and the public. This has included the insertion of new applications on mobile devices allowing 'on the go' access to learning and safety management systems and our new support Hub to maximise both officer and staff time in the delivery of operational policing and supporting stakeholders.

As the BTP2021 transformation portfolio ends it merges with a new strategic direction and a fresh transformation initiative to continue to deliver an innovative and continuously improved force on the move. Work is ongoing to develop an efficiency approach that allows the Force to rebalance its budget to fund this ambitious new transformative agenda out to 2027.



## PERFORMANCE ANALYSIS

# SUSTAINABILITY REPORT

**BTP and the Authority are committed to achieving Net Zero Carbon (NZC) by 2035<sup>1</sup>. It is a key component of the new 2022–2027 Strategy and is supported by a new Net Zero Carbon strategy which was published this year.**

BTP have chosen 2019 as the baseline year to report against, since this is when it had robust, accurate data to compare against. The initial data capture and subsequent analysis, which was collated in February 2022, was manual and time-consuming. BTP's focus therefore for 2022/23 is to deploy software to automate as much of the process as possible and then produce an updated carbon footprint for that year.

The key elements detailed in the strategy to achieve this are:

- Data collection, measurement, validation and reporting: to understand and monitor the impact against a baseline of 2019 data
- Personal empowerment and contributions: for all of our people to place sustainability at the heart of what we do
- Delivery initiatives: including in our supply of gas and electricity, then looking more broadly at partnering with our supply chain to realise our commitment to Net Zero Carbon.

<sup>1</sup> Interim targets have been set in line with the Green House Gas Protocol, for Scope 1&2 emissions to achieve Net Zero Carbon by 2030 with Scope 3 emissions by 2035. Following the 2035 target, further targets are set to achieve maximum reductions by 2050 to reduce the dependence on offsetting to ensure Net Zero Carbon can be maintained long into the future.

Greening Government Commitments	Baseline 2019/20	Operational target to 2030 S1/2 2035 S3	Operational Performance		Reduction from baseline	Gross Expenditure 2021/22
			2020/21	2021/22		
Greenhouse Gas Emissions (tonnes/CO <sup>2</sup> )						
Scope 1 – Direct energy	4,101 tCO <sup>2</sup> e	-46.2%	N/A	N/A	2022/23 will be first re measure	£97,940
Scope 2 – Indirect energy	8,209 tCO <sup>2</sup> e	-46.2%	N/A	N/A	2022/23 will be first re measure	£1,180,326
Scope 3 – travel, fleet, suppliers, staff commute	11,080 tCO <sup>2</sup> e	-67.2%	N/A	N/A	2022/23 will be first re measure	£62,135,734
Waste expenditure	n/a	<10%	114t	118t	3.5% increase due to PPE	N/A
Water (m³/FTE)	3.24m³	<4-6m³	2.64m³	2.07m³	-38%	£77,200
Paper (reams A4 equivalent)	19,778	-50%	12,774	8,241	-58%	N/A

The scope of this sustainability reporting includes operations including projections for Scope 1 and 2 where BTP has buildings provided by TfL and all buildings where we pay un-metered charges.

## Greenhouse Gas Emissions

Greenhouse Gas emissions continue to reduce within BTP's estate. Although there has been a growth of agile working, due to Covid-19 measures, operational requirements have meant the majority of BTP's sites have continued to be used, albeit with much fewer occupants. Some sites have been surrendered in favour of a reduced footprint (Birmingham) but this was late in 2021/22 and therefore the impact is yet to be realised.

## Waste

The Total Facilities Management (TFM) contract covers collection and disposal of waste at 10% of BTP's sites (although these represent 39% of total area); the remaining sites have waste collection provided by the landlord. Of the reported disposal, 118 tonnes (less than 6%) is sent to landfill. The small increase is due to the need for safe disposal of Covid-19 PPE.

## Water

Water consumption continues to be below 4m<sup>3</sup> per full time employee. BTP has not implemented any reduction schemes, and the reduced level is believed to reflect lower occupancies in the sites with metered water. The trend is showing reduction year on year with 2021/22 a reduction of 38% of the baseline consumption.

## Paper

Paper consumption greatly declined in the last 12 months and was 58% less consumption than that of 2019/20. This reduction is a result of the continued shift towards more digital processes, as well as reflecting more agile working practices. The operational target was met, with BTP consuming less than 50% of the paper from 2019/20. This is a continuing trend and is not expected to rise when more people return to the office.

## Travel – Car Fleet

BTP fleet currently stands at 567 vehicles. 273 of these are cars. In total, 80 electric cars (30%) are already in operation, being converted to marked response vehicles or on order. The target for new cars being electric was 25% so this has been exceeded. BTP's ambition is for the remaining fleet to move over to EV by April 2025, ahead of the 2027 target.

## Domestic Flights

With the easing of restrictions in 2021/22 there were a total of 74 domestic flights taken, which was an increase on 2020/21 figures (39 flights), however, this still only equated to 27% of the 2019/20 baseline, again far more than the reduction required. A large part of this was due to an engagement campaign for our new Strategy and transformation programme and operational requirements such as the COP26 summit running in parallel to the Manchester Arena Inquiry.

## Climate change adaptations

BTP continues to have zero locations which require adaptation to climate change. Premises continue to be risk assessed for exposure to flooding, and such factors are taken into consideration with business continuity planning.

## Sustainable Procurement

BTP applies the use of the Government Buying Standards and management of supply chain impacts, as required by GGC. As part of the NZC strategy BTP has switched office supplies to those from sustainable sources, required all new suppliers to agree to having NZC strategies in place by 2025, stated BTP's NZC ambition on all recruitment activity, implemented Recycle to Reuse on uniform provision, moved to a uniform contract with zero landfill and have actively led the police service on implementing performance electric vehicles in the role of response police cars.

## Procurement of food and catering services

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

## Sustainable construction

BTP only had one major refurbishment project during 2021/22. The competition was run through a Crown Commercial Service framework where the supplier was required to comply with ISO 14001 which maps out a framework that a company or organisation can follow to set up an effective environmental management system providing assurance that environmental impact is being measured and improved. In respect of Ethical Sourcing, we followed the requirement such that supply chain partners are required to evidence ethical sourcing practices by providing formal certification and supporting procedures. When delivered, suppliers must provide verified certification for products, for example FSC approved timber.



Hugh Ind

Accounting Officer

Date 14 July 2022



# ACCOUNTABILITY REPORT

1. Apologies

2. Declarations of Interest

3. Annual Report and

4. Any Other Business





## CORPORATE GOVERNANCE REPORT

Directors' Report

Statement of Accounting  
Officer's Responsibilities

Governance Statement

Principle Risks And Uncertainties

## REMUNERATION REPORT

## PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT

Losses/Special Payments

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

## CORPORATE GOVERNANCE REPORT

# DIRECTORS' REPORT

## Authority Members:



### RON BARCLAY-SMITH Chair

Re-appointed 5 March 2022 with a term of four years and a notice period of three months.

#### BTPA responsibilities:

- Police Authority: Chair
- Appointments and Remuneration Committee: Chair

- Appointments, Remuneration and Appraisal Committee: Chair

#### Appointments outside BTPA:

- Royal Institute of Chartered Surveyors: Member of the Regulatory Tribunal
- Pitteadie Castle Ltd: Director and Co-Owner



### DOMINIC BOOTH

Re-appointed 1 September 2017 with a term of four years and a notice period of three months. Term ended 31 August 2021.

#### BTPA responsibilities:

- Police Authority
- Performance and Delivery Committee: Chair
- Scottish Railways Policing Committee

#### Appointments outside BTPA:

- Abellio North West Ltd: Director
- Abellio Bus Holdings Ltd: Director
- South Eastern Holdings Limited: Director (Dissolved)
- West Midlands Holdings Limited: Director
- West Midlands Trains Limited: Director
- Abellio East Midlands Limited: Director
- South Eastern Railways Limited: Director (Dissolved)
- Abellio Merseyside Ltd: Director (Dissolved)

- Anglia Rail Holdings Limited: Director
- Abellio Transport Group Limited: Director
- Abellio Scotrail Ltd: Director
- Abellio Surrey Limited: Director (Dissolved)
- Rail Delivery Group Limited: Director
- Abellio East Anglia Limited: Director
- Abellio Thameslink Limited: Director (Dissolved)
- Abellio London Ltd: Director
- Abellio West London Ltd: Director
- Abellio Northern Ltd: Director (Dissolved)
- Abellio Greater Anglia Ltd: Director
- Abellio New Business Ltd: Director (Dissolved)
- Merseyrail Services Holding Company Limited: Director
- Northern Rail Holdings Limited: Director
- Northern Rail Limited: Director
- Merseyrail Electrics 2002 Limited: Director
- Abellio Transport Holdings Ltd: Director



## WILLIAM MATTHEWS

Reappointed 31 October 2019 with a term of three years and a notice period of three months.

### BTPA responsibilities:

- Police Authority
- Scottish Railways Policing Committee: Chair
- Pensions Working Group: Chair

### Appointments outside BTPA:

- National Register of Scotland: Non-Executive Advisor
- Self-employed: Association of Chartered Certified Accountants (ACCA) and Nursery and Midwifery Council (NCM)
- Unitary Board of Independent Office of Police Conduct: Non-Executive Member
- Scottish Criminal Cases Review Commission: Chair
- Scottish Futures Trust: Director
- Redress Scotland: Deputy Chair



## ANDREW POLLINS

Reappointed 1 September 2017 with a term of four years and a notice period of three months. Term ended 31 December 2021.

### BTPA responsibilities:

- Police Authority
- Audit and Risk Assurance Committee
- Strategy and Planning Committee: Chair

### Appointments outside BTPA:

- Axima FM Holding Limited: Board of Directors – Director
- Axima FM Limited: Board of Directors – Director
- Cofathec Energy Limited: Board of Directors – Director
- Cofathec Heatsave Limited: Board of Directors – Director
- Cofathec UK Limited: Board of Directors – Director
- Covion Holdings Limited: Board of Directors – Director
- East London Energy Limited: Board of Directors – Director
- Elyo Falcon: Board of Directors – Director
- Engie Developments Ireland Limited: Board of Directors – Director
- Engie Shotton Limited: Board of Directors – Director
- Equans Buildings Limited: Board of Directors – Director
- Equans Coleshill Limited: Board of Directors – Director
- Equans FM Limited: Board of Directors – Director
- Equans Group UK Limited: Board of Directors – Director
- Equans Hatfield Limited: Board of Directors – Director
- Equans Holding UK Limited: Board of Directors – Director
- Equans London Limited: Board of Directors – Secretary
- Equans London Limited: Board of Directors – Director
- Equans Newcastle Limited: Board of Directors – Director
- Equans Regeneration Holdings Limited: Board of Directors – Director
- Equans Regeneration Limited: Board of Directors – Director
- Equans Services Limited: Board of Directors – Director
- Equans Wath Limited: Board of Directors – Director
- EWP Technical Services Limited: Board of Directors – Director
- Gower Street Heat and Power Limited: Board of Directors – Director
- Industrielle De Chauffage Enterprise United Kingdom Limited: Board of Directors – Director
- Keighley Metering Services Limited: Board of Directors – Director
- M.D.P. (Engineering) Limited: Board of Directors – Director
- Resource Environmental Services Limited: Board of Directors – Director
- Vivo Defence Services Limited: Board of Directors – Director



### STELLA THOMAS

Reappointed 1 September 2017 with a term of four years and a notice period of three months. Term ended 31 December 2021

#### BTPA responsibilities:

- Police Authority
- Policing Plan Working Group

- Performance and Delivery Committee
- Strategy and Planning Committee: Deputy Chair

#### Appointments outside BTPA:

- Cardiff Wales Guided Tours: Partner



### BEVERLEY SHEARS

Appointed 26 January 2017 with a three-month extension granted. Reappointed 3 April 2020 with a term of four years and a notice period of three months.

#### BTPA responsibilities:

- Police Authority
- Appointments and Remuneration Committee
- Appointments, Remuneration and Appraisal Committee
- Strategy and Planning Committee

- Pensions Working Group
- People and Culture Committee: Chair
- Complaints Review Panel

#### Appointments outside BTPA:

- North West Anglia NHS Trust: Non-Executive Director (Deputy Chair since 1 January 2021)
- De Montfort University: Independent Governor
- De Montfort University Students Union DSU Ltd: Director
- Blue Amaranth Consulting Ltd: Owner



### MARTIN RICHARDS

Appointed 26 January 2017 with a three-month extension granted. Reappointed 11 March 2021 with a term of two years and a notice period of three months.

#### BTPA responsibilities:

- Police Authority
- Policing Plan Working Group: Chair
- Performance and Delivery Committee
- Appointments and Remuneration Committee
- Appointments, Remuneration and

- Appraisal Committee
- People and Culture Committee
- Complaints Review Panel

#### Appointments outside BTPA:

- Sussex Mental Health Partnership Trust: Director
- Chichester Diocese: Director (Safeguarding)
- Sussex Cricket Limited: Board Member (Unremunerated)
- Sussex Charity Mentors: Trustee (Unremunerated)



### WILLIE GALLAGHER

Appointed 26 January 2017 with a three-month extension granted. Reappointed 11 March 2021 with a term of four years and a notice period of three months.

#### BTPA responsibilities:

- Police Authority

- Policing Plan Working Group
- Strategy and Planning Committee
- Scottish Railways Policing Committee
- Strategy Working Group

#### Appointments outside BTPA:

- TSL Scotland Ltd: Director





### ANDREW COOPER

Appointed 20 May 2019 with a term of four years and a notice period of three months. Appointed Interim Deputy Chair 1 December 2020 with a term of one year. Interim Deputy Chair extended by a further six months.

#### BTPA responsibilities:

- Police Authority
- Appointments and Remuneration Committee
- Appointments, Remuneration and

- Appraisal Committee
- People and Culture Committee
- Complaints Review Panel
- Policing Plan Working Group: Deputy Chair
- Transformation Working Group: Chair
- Strategy and Planning Committee: Chair
- Strategy Working Group: Chair

#### Appointments outside BTPA:

- Permanent Way Institution Ltd: Non-Executive Director (no remuneration)



### GRAHAM EVANS

Appointed 20 May 2019 with a term of four years and a notice period of three months.

#### BTPA responsibilities:

- Police Authority
- Audit and Risk Assurance Committee: Deputy Chair
- Pensions Working Group

- Strategy and Planning Committee

#### Appointments outside BTPA:

- UK Hospitality: Senior Counsel (Contractor not employee)
- Parkdean-Resorts Ltd: Senior Counsel (Contractor not employee)
- GTE Consultants: Director
- Political Insight UK Ltd: Director



### KENNA KINTREA

Appointed 20 May 2019 with a term of four years and a notice period of three months.

#### BTPA responsibilities:

- Police Authority
- Audit and Risk Assurance Committee: Chair
- Scottish Railway Policing Committee

- Strategy and Planning Committee
- Strategy Working Group
- Transformation Working Group

#### Appointments outside BTPA:

- Akoroa Ltd: Owner and sole director
- NNB Generation Company (HPC) Limited: Independent Non-Executive Director



### SIR CRAIG MACKAY

Appointed 20 May 2019 with a term of four years and a notice period of three months.

#### BTPA responsibilities:

- Police Authority
- Audit and Risk Assurance Committee
- Performance and Delivery Committee: Chair

- Transformation Working Group

#### Appointments outside BTPA:

- Civil Nuclear Police Authority: Interim Chair
- CTM Strategy and Consulting Ltd: Director (Small scale business – consultancy work)



### FIONA BRUNSKILL

Appointed 23 February 2022 with a term of four years and a notice period of three months.

#### BTPA responsibilities commencing from 1 April 2022:

- Police Authority

- Appointments, Remuneration and Appraisal Committee
- Pension Working Group
- Strategy and Planning Committee: Deputy Chair

#### Appointments outside BTPA:

- Transport for London: Director, People and Cultural Change



### EMIR FEISAL

Appointed 28 February 2022 with a term of four years and a notice period of three months.

#### BTPA responsibilities commencing from 1 April 2022:

- Police Authority
- Audit and Risk Assurance: Deputy Chair
- Pension Working Group
- Strategy and Planning Committee

#### Appointments outside BTPA:

- YMCA London City & North: Director of Corporate Services (Part Time)
- Companies House Crown Way: NED & Chair of Audit
- The Bar Standards Board: NED

- The Pension Ombudsman: NED
- Driver and Vehicle Standards Agency Berkeley House: NED & Chair of Audit
- The Serious Fraud Office: NED & Chair of Audit
- The Judicial Appointments Commission Clive House: Commissioner
- Public Service Honours Committee Cabinet Office: Committee member
- Ministry of Justice: Magistrate, & Judge of the family Court
- The Henry Smith Charity: Trustee & Chair of the D&I Sub-committee
- Complimentary and Natural Healthcare Council: Disciplinary Panel member
- The Queen's award for Voluntary Services: Committee member



### MIKE GALLOP

Appointed 23 February 2022 with a term of four years and a notice period of three months.

#### BTPA responsibilities commencing from 1 April 2022:

- Police Authority
- Performance and Delivery Committee:

Deputy Chair

- Policing Plan and Stakeholder Engagement Working Group: Deputy Chair
- Strategy and Planning Committee

#### Appointments outside BTPA:

- Network Rail Infrastructure Ltd: Route Director: Western Route



### NICK HAWKINS

Appointed 28 February 2022 with a term of four years and a notice period of three months.

#### BTPA responsibilities commencing from 1 April 2022:

- Police Authority

- Appointments, Remuneration and Appraisal Committee
- Complaints Review Panel
- People and Culture Committee: Deputy Chair

#### Appointments outside BTPA:

- Office of Police and Crime

Commissioner: Legally Qualified Chair  
West Midlands Region and North East  
Region

- Royal Institution of Chartered Surveyors: Lay Chair and Member, Regulatory Tribunal
- Lord Chancellor Ministry of Justice: Lay Member, Lord Chancellor's
- Advisory Committee, West Midlands and

Warwickshire (Voluntary)

- Sports Resolutions: Legal Arbitrator (Fee Paid)
- Normanton Chambers: Barrister (self-employed as a tenant in chambers)
- The Hawkins Consultancy Ltd: Director
- TRUSTEESHIP UK Sports Association for People with Learning Disability: Voluntary



### STEWART JACKSON

Appointed 28 February 2022 with a term of four years and a notice period of three months.

#### BTPA responsibilities commencing from 1 April 2022:

- Police Authority
- Audit and Risk Assurance Committee

- Complaints Review Panel
- People and Culture Committee

#### Appointments outside BTPA:

- Department for Transport: HS2 independent Residents' Commissioner (Commencing 18/4/2022)
- Regen Aspire Limited: Director
- UK Political Insight Ltd: Director

## Authority Officers

**Chief Executive Officer** –  
Hugh Ind

**Chief Financial Officer and  
Treasurer** – Sarah McGarel

## BTP Chief Officer Group

**Chief Constable** – Lucy D'Orsi QPM

**Deputy Chief Constable** – Alistair Sutherland  
QPM (appointed 8 November 2021)

**Deputy Chief Constable** – Adrian Hanstock QPM  
(term ended 7 November 2021)

**Assistant Chief Constable: Public Contact and  
Specialist Crime** – Charlie Doyle

**Assistant Chief Constable: Specialist  
Operations** – Sean O'Callaghan

**Director of Strategy and Change** – Simon  
Downey OBE (left 11 March 2022)

**Director of Finance and Commercial Services**  
– Tracey Martin

**Director of People and Culture** – Rachael Etebar

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 BTPA’s accounting policy for pensions.

The last full valuation of the Police Officer scheme took place as at 31 December 2018. This has not yet been finalised. Discussions continue with The Pensions Regulator and DfT regarding assumptions made by the Trustee. At the 2015 valuation, it had an asset base of £846 million and a funding level of 101%.

The last full valuation of the Staff scheme took place as at 31 December 2019. It had an asset base of £191.5 million and a Technical Provisions funding level of 103%. There was a Rules based funding level of 97%.

Fraud, bribery and corruption

BTPA follows the Cabinet Office Counter-Fraud Functional Standards and takes a zero tolerance approach in the event of any fraud, bribery or corruption. Any suspected cases of fraud, bribery or corruption are investigated vigorously in accordance with BTP’s Anti-Fraud, Bribery and Corruption Policy. The policy is available to read on the BTPA website.

In line with best practice, BTP and the Authority are pro-active in the prevention and detection of fraud, bribery and corruption using risk assessments to determine workstreams and areas of focus.

BTP and the Authority have a well-publicised whistle-blowing policy. There is an anonymous mechanism where employees can report any suspicions or concerns. Whistle-blowing reports are reported to the Audit & Risk Assurance Committee.

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 £127,000 (2020/21: £120,000). The C&AG did not undertake any non-audit work for BTPA (2019/20: £nil).

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

Other Parliamentary Disclosures

In November 2019 a novel strain of coronavirus was detected and spread rapidly, leading the World Health Organisation to declare a pandemic on 11 March 2020. BTP continues to incur costs in an attempt to mitigate against the impact of COVID-19, and some uncertainty still remains about the future impact of the virus.

Following the Russian invasion of Ukraine in February 2022, BTP has seen an increase in fuel and utility costs, and significant economic uncertainty is expected to continue throughout 2022/23.

Events occurring after the reporting date

There are no events to report.

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



Hugh Ind  
Accounting Officer

Date 14 July 2022





1. Apologies	2. Declarations of Interest	3. Annual Report and	4. All Other Business
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CORPORATE GOVERNANCE REPORT

STATEMENT OF ACCOUNTING OFFICER’S RESPONSIBILITIES

**Under the Railways and Transport Safety Act (2003), the Secretary of State for Transport has directed BTPA to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of BTPA 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 Accounts Direction issued by the Secretary of State including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
  - Make judgements and estimates on a reasonable basis;
  - State whether applicable accounting standards, as set out in the Government Financial Reporting

- Manual have been followed, and disclose and explain any material departures in the financial statements;
- Prepare the financial statements on an on-going concern basis, and
  - Take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Accounting Officer of the Department for Transport has designated the Chief Executive Officer as the Accounting Officer of the British Transport Police Fund. In addition, the Chief Executive Officer has, with the agreement of the Department for Transport, appointed the Chief Constable as an Additional Accounting Officer, to be accountable for the resources which come under his or her control. This appointment does not detract from the Chief Executive’s overall responsibility as Accounting Officer for the BTPA’s accounts.

The Chief Constable has statutory responsibility for the direction and control of the Force and is required to have regard to the plans and strategies published by the Authority. The Authority’s Code of Corporate Governance sets out the relationship between the Chief Constable’s statutory and common law responsibilities, independence in matters of policing and the Chief Constable’s responsibilities as Additional Accounting Officer. These include the management and expenditure of BTP, and joint responsibility for the preparation of these accounts. This appointment reflects the autonomy BTPA grants to BTP in the spending of



the budget given to it by BTPA, and BTP’s full independence in policing matters. However, it remains the role of BTPA to exercise appropriate oversight of BTP, and the appointment does not detract from the Chief Executive 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 BTPA’s assets, as set out in Managing Public Money published by HM Treasury.

As the Accounting Officer, I have taken all the steps I ought to have taken to make myself aware of any relevant audit information and to establish that the BTP Fund’s auditors are aware of that information. So far as I am aware, there is no relevant information of which the auditors are unaware. I am satisfied that the accounts are fair, balanced and understandable.



1. Apologies	
2. Declarations of Interest	
3. Annual Report and	
4. Any Other Business	



CORPORATE GOVERNANCE REPORT

GOVERNANCE STATEMENT

Accounting Officer’s introduction to corporate governance

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

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

As an Arm’s Length Body of the Department for Transport (DfT), the BTPA Chair and Executive have regular meetings with officials. Both the Executive and the Chief Constable have access to the Ministerial team, to discuss policing and strategy.

BTPA strives for continuous improvement of governance, to ensure its duties to discharge oversight of BTP are effective and decisions are made constructively, in a culture that fosters openness and debate. This is replicated within BTP’s governance structure and there is effective working between both organisations. BTPA commissioned and supported a review of the BTP Chief Officer Group structure this year, to ensure the required skills and

expertise are available, and BTP have supported continuous improvement of reporting to BTPA committees. Both organisations have worked closely together to understand and monitor strategic risks. A review of the Code of Governance which details governance between BTPA and BTP commenced prior to year-end and will conclude in the next year. The current Code of Governance is available on the BTPA website.

2021/22 was the first full year of Chief Constable D’Orsi’s leadership, with Deputy Chief Constable Alistair Sutherland joining in November 2021. A key focus of the new Chief Constable has been reviewing culture and accountability at BTP, which has introduced greater empowerment for employees and strengthened ownership of key areas by senior management. The results of some of the Force’s internal audits reflect this improvement, though it has been noted there are still some areas which require more focus from management. Governance mechanisms maintain oversight of areas for improvement and ensure there are plans in place to address the risks in these areas.

Governance in the Policing sector is ever-more critical in light of the increased scrutiny of the external environment following some very public, high-profile reports of failings across the UK. BTP and the Authority, through their governance structures, have ensured key areas have had effective oversight of both BTPA committees and BTP senior management. Legitimacy is a key strand of the new Strategy, both in forward planning and in day-to-day governance activities. Legitimacy has been woven into each



of the BTPA committees to ensure it is being considered from different angles. Assurance over the approach to legitimacy has been obtained, both though management’s own controls as well as internal audit, the results of which are used by management to ensure best practice and learning from others are used in improving processes and controls. In relation to providing services to victims, the inspection by Her Majesty’s Inspectorate of Constabularies, Fire and Rescue Services (HMICFRS) found BTP “can rightly be proud of the service it provides to victims of crime”. Yet we recognise there is more we can and should do, and we continue to strive to improve.

The first volume of the Manchester Arena Inquiry was published this year, which management have monitored closely to ensure the Inquiry’s recommendations lead to demonstrable improvement. Across BTP and the Authority, there is a shared goal to minimise the possibility of the tragic events of 22 May 2017 happening again. The Audit & Risk Assurance Committee continue to provide ongoing independent, objective oversight of the response to the Inquiry’s recommendations.

In both BTP and BTPA, risk-driven assurance is key to effective oversight activity. Internal controls are subject to risk-based audits across the three lines of defence. Strengthened reporting to BTP boards and BTPA committees enables collaborative discussions on internal controls and oversight of any remedial actions required. The introduction of strategic risk deep dives has facilitated a better understanding of the risks which provide the greatest threat to the organisation, and the assurance in place to validate that the mitigating processes and controls are designed and operating effectively.

Risks and challenges will continue to evolve in the coming year, not least from the economic environment (including the impact of the Ukraine-Russia war), changes to the rail industry following the Williams-Shapps Review and a continued public and media spotlight on police legitimacy and conduct. BTP and the Authority will continue to use, and adapt where necessary, strong governance, risk management and internal controls to ensure compliance and accountability.

## Governance Structure at 31 March 2022

### 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**

**The Authority Executive** The Authority's Executive team supports the members by:

- ensuring there are efficient and effective processes in place to meet the Authority's statutory duties
- developing plans and strategies to complement the formal governance structure such as a Stakeholder Engagement Plan
- providing an assurance function
- owning and running the cost allocation model to defray the costs of policing
- Employ police constables and staff'

### 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
- Undertake public consultation

### Sub-Committees

#### Appointments, Remuneration and Appraisal

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

#### Scottish Railways Policing

- Provide accountability and transparency for railway policing in Scotland
- Provide oversight and scrutiny of the safe and effective management of railway policing in Scotland
- Assess and report to BTPA on value for money in relation to those elements of the BTPA Fund invested in railway policing in Scotland

#### Audit and Risk Assurance

- Review and advise on matters relating to the internal and external audit of BTPA
- Provide the Authority and Accounting Officer with a recommendation to sign the financial statements and governance statement
- Advise the Authority on the effectiveness of the BTPA and BTP's plans for risk management, control and governance

#### Pension Working Group

- Provide oversight of the police officer and police staff pension schemes
- Endorse recommendations on pensions to the People & Culture Committee

#### Performance and Delivery

- Monitor and challenge operational and business performance and delivery of strategic and annual plans

#### People and Culture

- Oversee and appraise BTPs approach towards matters pertaining to people, culture, leadership and behaviours.

#### Strategy and Planning

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

#### Policing Plan Working Group

- Oversee development of Policing Plan 2022/2 ahead of its submission to Strategy and Planning Committee.

#### Strategy Working Group

- Oversee development of Railways Policing Strategy 2022/25 ahead of its submission to Strategy and Planning Committee.

#### Complaints Review Panel

- Independently review BTP locally handled complaint investigations when requested by a member of public, to determine if the complaint should be upheld, in accordance with the Complaints and Misconduct Regulations 2020
- Capture learning and trends from reviews

#### Chief Officer Group

- Set the strategic tone and direction for BTP
- Act as the senior decision making forum for BTP
- Consider highlight reports from BTP 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



## The Police Authority

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

The Chair and Members of BTPA 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 across England, Scotland and Wales. Members are not intended to be representative 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 earlier in this section.

## Sub-Committees

The sub-committees listed below have been formally scheduled throughout the year. This does not take into account additional extraordinary committee meetings, regular breakfast briefings, training sessions and Member-only sessions.

### Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee (ARAC) was chaired by Kenna Kintrea. It currently has four Members, met four times in 2021/22 and undertook a wide range of assurance activities, including overseeing:

- Risk Management and counter-Fraud activities
- Financial compliance, including Accounts preparation and compliance with standards and regulations
- The Internal Audit and External Audit programmes
- Her Majesty’s Inspectorate of Constabulary Fire and Rescue Services (HMICFRS) and Her Majesty’s Inspectorate of Constabulary Scotland (HMICS) inspection programme

- The submission of the Management Assurance Return to the DfT
- Overseeing the implementation of remedial actions resulting from audits, external reviews and submissions to the Department for Transport
- Monitoring and assessing compliance with and performance against statutory duties

### Appointments, Remuneration and Appraisal Committee (formerly Appointments and Remuneration Committee)

The Appointments, Remuneration and Appraisal Committee was established in-year on 28 September 2021 and is chaired by Ron-Barclay-Smith. It replaced the former Appointments and Remuneration Committee, also chaired by Ron Barclay-Smith.

The former Appointments and Remuneration Committee had four Members and met once in 2021/22 where it considered issues including:

- Senior Talent Management
- Smarter Working
- Deputy Chief Constable Recruitment

The Appointments, Remuneration and Appraisal Committee also had four Members and met once in 2021/22 where it considered,

- Extension of a Chief Officer post.
- A review of the Force’s Chief Officer Group

### Performance and Delivery Committee

The Performance and Delivery Committee is chaired by Craig Mackey. It had up to five Members, met four times during 2021/22 and exists to scrutinise BTP’s policing plan and financial and commercial performance; and its performance across key areas of Legitimacy. During the year it considered a range of standing and thematic matters as set out in its annual plan of work, including:



- Quarterly monitoring of Policing Plan and Financial and Commercial performance
- Quarterly monitoring of Legitimacy including Custody, Use of Force, and Stop and Search
- Deep dives on topics including Justice Outcomes and Victim Service Experience.

### Strategy and Planning Committee

The Strategy and Planning Committee was chaired by Andrew Pollins and, from 1 January 2022, Andy Cooper. It had up to six members, met four times during 2021/22 and exists to ensure an integrated approach to the development of the Strategy, Medium Term Financial Plan, Policing Plan and annual Budget. Throughout the year it considered,

- Dispensing with the 2020/21 Cost Allocation Model Wash Up process.
- An uplift in Core Policing Resources needed to police the Elizabeth Line, and defraying of these additional costs for 2022/23.
- Recommendation of business cases to the Full Authority.
- The allocation of Police Service Agreement Charges to industry for 2022/23.

The Committee also oversaw the development of the Railways Policing Strategy 2022/27, the Medium-Term Financial Plan 2022/27 and the Policing Plan 2022/25.

### Scottish Railways Policing Committee

The Scottish Railways Policing Committee is chaired by Bill Matthews. It has three Members from BTPA and two Members from the Scottish Police Authority (SPA). It met four times in 2021/22. The Committee provides assurance to BTPA, SPA and Scottish Government Ministers on the delivery of railway policing in Scotland. Throughout the year it considered:

- Quarterly monitoring of BTP Policing Plan performance in Scotland

- Quarterly monitoring of examples of joint working between BTP and Police Scotland
- Quarterly monitoring of BTP audit and inspection activity with reference to Scotland
- BTP planning and delivery for Conference of the Parties 26 (COP26) (Oct-November 2021)
- BTP workforce gender balance in Scotland, and initiatives to promote appropriate internal culture within the Force in Scotland
- Development of the Railways Policing Strategy 2022/27 and the Policing Plan 2022/25 with respect to Scotland
- Thematic items on BTP Fleet, Estates and the Victim Experience in Scotland
- Annual value for money report for BTP in Scotland, with proposed adoption of Best Value metrics for application from 2022/23.

### People and Culture Committee

The People and Culture Committee was established in September 2021 and took on the People aspects previously overseen by the former Appointments and Remuneration Committee and the Performance and Delivery Committee. It is chaired by Bev Shears and has three Members. It met three times in 2021/22 and considered a range of issues including but not limited to:

- Quarterly monitoring of People performance data
- Police Officer Pay Review
- Smarter Working
- Force Equality, Diversity and Inclusion
- Initiatives to promote appropriate internal culture within the Force
- Recognition Agreement for Superintending Ranks
- Family-Friendly Policies
- BTP Values

- Gender Pay Gap Report 2021
- Apprenticeships
- Implementation of BTP's Violence against Women and Girls Delivery Plan
- Annual Report of Complaint Reviews

Strategy Working Group

The Strategy Working Group was established in September 2021 and reports to the Strategy and Planning Committee. The Working Group is responsible for scrutinising and informing the development of the Railways Policing Strategy 2022/2025. It is chaired by Andy Cooper and has three Members. It met four times in 2021/22 and the Strategy was approved by the Full Authority on 30 March 2022.

Policing Plan Working Group

The Policing Plan Working Group reports to the Strategy and Planning Committee. It is an annually established task and finish body responsible for scrutinising and informing the development of the Policing Plan. It is chaired by Martin Richards and has three Members. It met three times in 2021/22 and the Policing Plan was approved by the Full Authority on 30 March 2022.

Pension Working Group

The Pension Working Group reports to the People and Culture Committee (prior to that, the Appointments and Remuneration Committee). It is chaired by Bill Matthews and has three Members. It met four times in 2021/22. It is responsible for overseeing pension issues pertaining to the Force and the Authority, including but not limited to Police Officer and Police Staff Scheme Valuation(s), the Schemes themselves, and BTP Pension Policy.

Complaints Review Panel

The Complaints Review Panel exists independently to review the handling of complaints and determine whether the complaint in question was dealt with reasonably and proportionately. It also considers any themes or trends and wider organisational learning with reference to complaints. It consists of three Members and the Head of Governance and Compliance, and met ten times to consider fifteen cases since it was established. Its annual report was submitted to the People and Culture Committee and in March 2022.



1. Apologies	
2. Declarations of Interest	
3. Annual Report and	
4. Any Other Business	

## Committee Attendance

Member name	Number of Authority meetings attended/ number of Authority meetings available	Number of Appointment and Remuneration Committees attended/ number of Committee dates available [Discontinued in December 2021]	Number of Appointment, Remuneration and Appraisal Committees attended/ number of Committee dates available	Number of Complaints Review Panel meetings attended/ number of Committee dates available	Number of People and Culture Committees attended/ number of Committee dates available	Number of Audit and Risk Assurance Committees attended/ number of Committee dates available
Ron Barclay-Smith	6/6	2/2	1/1			
Dominic Booth <sup>1</sup>	2/2					
William Matthews	6/6					
Andrew Pollins <sup>2</sup>	4/4					3/3
Stella Thomas <sup>3</sup>	4/4					
William Gallagher	4/6					
Martin Richards	6/6	2/2	1/1	10/10	3/3	
Beverley Shears	6/6	2/2	0/1	9/10	3/3	
Graham Evans	6/6					4/4
Andrew Cooper	6/6	2/2	1/1	10/10	3/3	
Kenna Kintrea	6/6					4/4
Sir Craig Mackey	4/6					4/4

<sup>1</sup> Dominic Booth's term ended on 31 August 2021.

<sup>2</sup> Andrew Pollins' term ended on 31 December 2021

<sup>3</sup> Stella Thomas' term ended on 31 December 2021

## Committee Attendance

Member name	Number of Performance and Delivery Committees attended/ number of Committee dates available	Number of Strategy and Planning Committees attended/ number of Committee dates available	Number of Scottish Railways Policing Committees attended/ number of Committee dates available	Number of Policing Plan Working Groups attended/ number of meeting dates available	Number of Pension Working Groups attended / number of meeting dates available
Ron Barclay-Smith					
Dominic Booth <sup>4</sup>	0/1		0/1		
William Matthews			4/4		3/4
Andrew Pollins <sup>5</sup>		3/3			
Stella Thomas <sup>6</sup>	3/3	3/3		2/2	
William Gallagher		4/4	4/4	3/3	
Martin Richards	4/4			3/3	
Beverley Shears		2/4			2/4
Graham Evans		3/4			4/4
Andrew Cooper	4/4	1/1		2/3	
Kenna Kintrea		4/4	2/2		
Sir Craig Mackey	4/4				

<sup>4</sup> Dominic Booth's term ended on 31 August 2021.

<sup>5</sup> Andrew Pollins' term ended on 31 December 2021

<sup>6</sup> Stella Thomas' term ended on 31 December 2021





Executive Team

BTPA has an Executive Team of 14, covering strategy and performance, governance, compliance, finance, communications and stakeholder engagement.

BTPA’s Chief Executive Officer is appointed the Accounting Officer by the Principal Accounting Officer at the Department for Transport.

BTPA’s Chief Financial Officer fulfils the role of Treasurer to BTPA with the responsibility for the proper management of the BTP Fund. This enables BTPA 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

While there has been a marked improvement in BTP and the Authority’s management of strategic-level risks and Board and management oversight of these, embedding a culture of risk management has progressed at a slower pace.

Risk management is a standing item at all BTPA committees and at the Force Executive Board meetings and annual workshops are now held with Authority Members, the Executive and Chief Officers

to conduct horizon scanning, set risk appetite levels and review strategic risks and opportunities against the strategic objectives. All strategic risks have been allocated a sponsoring Authority committee to assess and monitor the risk in greater detail. Risk management training was provided across all levels of the organisation and an annual deep dive of all strategic risks has commenced.

An Internal Audit was conducted on Risk Management to assess the progress made to align with the Government’s Orange Book. Pockets of good practice were noted but there remains a need to consciously embed risk management within the organisation and to allocate resources to support bringing it to life.

BTPA acknowledges there is still more to do to fully embed risk management across the organisation. In particular, there is a need for consistency in understanding and demonstrating active risk management within functions in BTP and the Authority against risk appetite, to embed risk into the decision-making processes and to conduct deep dives into the strategic risks and their corresponding controls.

Risks are assessed using a 5 x 5 impact and probability matrix with well-defined scoring criteria. Target scores have been allocated based on the risk appetite. Quarterly reviews document the mitigations and future actions required to reduce the score towards its target score.





The current assessment of the Strategic Risk Register and uncertainties facing the BTP and the Authority are presented on the following page.

1. Apologies
2. Declarations of Interest
3. Annual Report and
4. Any Other Business

CORPORATE GOVERNANCE REPORT




PRINCIPAL RISKS AND UNCERTAINTIES

2021-22 Strategic Aims:

-  Protecting People
-  Reducing Delays and Disruption
-  Providing Value for Money
-  Building A Skilled and Specialist Workforce

Key to Future Trend

(medium – long term, over the next 1-5 years):

- Risk expected to remain stable: 
- Risk expected to increase in 2022/23: 
- Risk expected to decrease in 2022/23: 

Risk	Mitigating Actions in place	Future trend
<p><b>Failure to attract, develop and retain people who exemplify BTP desired behaviours and culture and are representative of the communities we serve, leads to a loss of confidence and operational challenges.</b></p> 	<ul style="list-style-type: none"><li>• People &amp; Culture committee established, for enhanced oversight</li><li>• People &amp; Culture programme to deliver change, including a review of leadership structure</li><li>• Diversity &amp; Inclusion Strategy in place</li><li>• Enhanced Inclusion &amp; Diversity resources to attract a more diverse range of candidates</li><li>• 'Trust Your Gut' campaign to emphasise we care about ethical and values-based behaviour</li><li>• Linked PDR and Talent Management Process to support and develop staff</li><li>• Recruitment campaigns seek to attract a diverse range of candidates</li><li>• Support groups for networks of diverse colleagues, and lead sponsors</li><li>• Refreshed the BTP Intranet to make it easier for staff to access information</li></ul>	<div></div> <p>This risk relates to the new strategic objective on Building a Modern and Inclusive Workforce and is expected to remain stable over the next few years.</p>

Risk	Mitigating Actions in place	Future trend
<p><b>Failure to maintain public and stakeholder trust and confidence due to inability to maintain professional standards, proportionality and wider scrutiny around policing standards, leading to challenges to operational delivery and reputational damage.</b></p>  	<ul style="list-style-type: none"> <li>• Legitimacy included in all BTPA committees, for additional oversight</li> <li>• Violence against Women and Girls strategy launched and uplift in officer capacity to increase patrol time</li> <li>• Vetting process in line with College of Policing Authorised Professional Practice and working towards ISO 9001 (achieved April 2022)</li> <li>• HMICFRS inspections to provide independent assurance on Victim Support</li> <li>• Internal campaign and mechanism for employees to anonymously report inappropriate behaviour</li> <li>• Board oversight of Use of Force and Use of Powers</li> <li>• Independent Scrutiny Panels in place for Stop &amp; Search and Use of Force</li> <li>• Strategic Independent Advisory Group in place to engage with representatives from different communities</li> <li>• Processes in place for Business Interests, Gifts &amp; Hospitality, and for staff to report any changes in circumstances</li> <li>• All staff complete training on "Abuse of Position"</li> </ul>	<p>▼</p> <p>This risk links to the new strategic objective to build trust and confidence and is expected to decrease as the initiatives put in place start to show positive results. Linked closely to the People risk, there are controls to ensure BTP are recruiting suitable people into Policing.</p>
<p><b>BTP and the Authority may not capitalise on opportunities and relationships with external partners to deliver more effective and efficient services in response to demand, leading to financial loss and operational impacts.</b></p>   	<ul style="list-style-type: none"> <li>• Industry consultation on the Policing Plan and Strategy</li> <li>• Engagement on Great British Railways, to try and influence the future of security on the Railways</li> <li>• A 'Working Together Group' has been established with rail industry partners</li> <li>• BTP Head of External Engagement appointed</li> <li>• County Lines training offered to rail industry partners</li> </ul>	<p>▼</p> <p>Partnership working is a key element of the new strategy – to innovate and collaborate with partners. Positive engagement with stakeholders has already seen this risk reduce. BTP has plans in place to continue to strengthen partnerships.</p>

Risk	Mitigating Actions in place	Future trend
<b>Failure to protect and manage data and information may result in a significant data loss which leads to a loss in confidence, operational risk, regulatory censure and financial loss.</b>	<ul style="list-style-type: none"> <li>• New Cyber Security Strategy launched</li> <li>• IT Health Check independent assurance completed and maturity assessment conducted</li> <li>• Board oversight of information and data-related issues and assurance</li> <li>• Information Asset Owners identified for all systems and data</li> <li>• Independent audit of data integrity</li> <li>• Regular communication to all staff about cyber security</li> </ul>	<p>&lt; &gt;</p> <p>There are short term plans to mitigate this risk, then the risk is expected to remain stable over the next few years.</p>


<b>BTP and the Authority may not exercise due financial control, including financial planning, contract management and understanding the true value and cost of the services they provide to stakeholders, leading to lack of budgetary cover from the DfT, ineffective decision-making, financial loss and a limited operational capacity due to insufficient funding.</b>	<ul style="list-style-type: none"> <li>• Monitoring of supply chain issues and increases</li> <li>• Board oversight of financial controls and escalation mechanisms for non-compliance</li> <li>• Oversight of financial reporting</li> <li>• Budget holder training and delegation letters</li> <li>• New purchasing software to improve automated controls</li> <li>• Counter-fraud activities to detect and prevent fraud; and regular communications about financial wellbeing</li> </ul>	<p>✓</p> <p>BTP has a strategic objective to generate value for money. While current external economic pressures pose an increased risk, both in terms of managing budgets and an increased risk of fraud, strengthened financial controls and oversight will reduce the risk over the next 1-3 years. A continued, joint focus on financial governance and controls is ongoing.</p>
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Risk	Mitigating Actions in place	Future trend
<b>BTP and the Authority may not design and deliver a sustainable strategic change programme to provide an affordable, effective and efficient service, leading to operational and financial impacts</b>	<ul style="list-style-type: none"> <li>BTP Head of Transformation role appointed</li> <li>'A Force on the Move' change programme drafted and communicated</li> <li>Ongoing Internal Audit advisory work on 'A Force on the Move' change programme to provide real-time independent feedback</li> <li>Board oversight of the change portfolio</li> </ul>	<p>&lt; &gt;</p> <p>The transformation programme is a key enabler to deliver the new strategy. Advice has been sought to ensure the Portfolio Management Office has been set up with strong governance, oversight and greater capacity and capability. A Transformation and Investment sub-committee will provide oversight.</p>
<b>BTP and the Authority may fail to realise the opportunity to embed a culture where the wellbeing, health and safety of staff is engrained in everything we do. Failure would lead to a lack of understanding of responsibilities, which could lead to a suboptimal, low productive workforce, operational inefficiencies, serious injury or loss of life for BTP or Authority staff, stakeholders or the public.</b>	<ul style="list-style-type: none"> <li>Wellbeing, Health and Safety strategy launched and communicated across the organisation</li> <li>Strong governance structure from divisional Health and Safety meetings up to Authority oversight at committees</li> <li>Data collection and benchmarking to identify trends and inform decision-making</li> <li>Revised Occupational Health structure</li> <li>Implementation of the 'Oscar Kilo' support programme, a national initiative in policing</li> </ul>	<p>✓</p> <p>Wellbeing is a key thread in the new strategy and informs decision-making. A new Health &amp; Safety software solution will allow for greater recording and analysis of 'near miss' incidents and information to enable the organisation to look after its staff.</p>

Risk	Mitigating Actions in place	Future trend
<b>Failure to enter into or manage all contracts for service with 3rd parties appropriately. This could lead to BTP or the Authority not providing the required service, encountering operational impacts that hinder the work of BTP or being the subject of contractual disputes – all of which would have financial and reputational impacts.</b>	<ul style="list-style-type: none"> <li>Working Group and Board set up to review all aspects related to enhanced policing services including contracts, amendments and operational performance</li> <li>Quarterly assurance provided on all enhanced policing agreements</li> <li>Review of key core policing agreements</li> </ul>	<p>&lt; &gt;</p> <p>This risk is expected to remain stable now BTP and the Authority are jointly providing robust oversight over contracts and service delivery.</p>
<b>Failure to effectively plan and prepare, including scenario testing, for a major incident, terror attack, pandemic or natural disaster, which may lead to an operational impact, financial loss and loss of public confidence.</b>	<ul style="list-style-type: none"> <li>CT Strategic Threat and Risk Assessment (STRA) regularly reviewed and operational response to locations identified within STRA</li> <li>Embedded into wider NPCC National CT structures and forums at strategic and tactical levels.</li> <li>Regular participation in exercising and testing with other forces/organisations</li> <li>Counter Terrorism assets available at key hubs in London, Birmingham and Manchester to deliver Protective Security</li> </ul>	<p>✓</p> <p>With the review of Counter Terrorism capability and a revised model to be implemented for greater exercise and testing, it is expected that this will enhance our ability to respond effectively to a major incident.</p>



Risk	Mitigating Actions in place	Future trend
<p><b>Failure to deliver an appropriate and effective digitalised police service due to lack of a robust and well-managed strategic plan, funding, capacity and capability, leading to disengagement of staff, operational challenges and financial loss.</b></p> 	<ul style="list-style-type: none"><li>• Implementation of End User Compute Plan to provide officers/staff with the right technology for their needs</li><li>• Annual ITHC in place to enable accreditation to key Home Office systems e.g. PNC, PND, Airwave</li><li>• IT Change Board in place to consider impact of changes to IT systems</li><li>• IT “Fixing the Fundamentals” Plan agreed to provide a stable platform to support BTP/A’s digitalisation</li></ul>	<p>✓</p> <p>Technology is a key enabler for all the strategic objectives. This risk is expected to reduce with agreement of the Fixing the Fundamentals Plan to ensure there is a stable infrastructure in place to support BTP/A’s digital ambition.</p>



Statement of information risk

BTPA must maintain the confidentiality, integrity and availability of its information to operate effectively, efficiently and securely. Compliance is required with the Cabinet Office controls, Home Office and National Cyber Security Centre requirements, UK Data Protection legislation and all pertinent law and guidance for the policing community.

To discharge these responsibilities, BTPA must have policies and control measures in place to ensure that access to information is compliant, correctly managed and safeguarded throughout its life-cycle. There is a governance structure in place to ensure that all statutory responsibilities have responsible owners, and a dedicated team who assess information risks and mitigate these to an acceptable level.

All key policies are up to date and issued. The Information Board (IB) and the Information Assurance Board (IAB) act as force-wide governance, compliance and assurance meetings, reporting into the BTP Audit, Risk, Inspection & Compliance Board (ARIC).

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 BTP. These initiatives contribute to the Force’s strategic priorities of enabling agile working and investing in technology that helps reduce duplication of information, creates a self-service capability and pushes information to frontline officers.

Archiving of information is a key area of oversight for the Information Board. As a police force, BTP is actively looking at additional ways to digitise information management. Recent adoptions of new systems are helping the force to move away from the creation of physical records such as case files and CCTV discs. The scope of these systems is being explored to move records and information away from the physical to the digital. The Information Management function

continues to strive for improvements in Data Quality in key systems supporting operational policing and decision-making.

Personal data related incidents

During 2021/2022 there were 32 (2020/21: 52) incidents involving personal data breaches which were assessed for threat, risk and harm to individuals. None of these required proactive reporting to the Information Commissioner (ICO) during this period (2020/21: 3) and no further ICO action has resulted to date. BTP continues to take a proactive approach to report within the prescribed notification period of 72 hours from being aware of a potential incident where required.

There were seven Data Protection Concern referrals received from the ICO in 2021/22 (2020/21: 6). None required substantive further action beyond communication of the BTP’s position.

Assurance activities

Internal Audit

The Government Internal Audit Agency (GIAA) was engaged to conduct an annual plan of risk-based internal audits on behalf of BTPA.

There were seven internal audits in 2021/22 and one advisory engagement undertaken by GIAA. This compares to seven audits in 2020/21. Areas of audit this year were: Finance Period-end Reporting, Risk Management, Data Governance, Procurement, Estates, Payroll and Strategic Workforce Planning. The annual audit opinion remains a “moderate” assurance rating, meaning “some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.” Management welcomes the overall Internal Audit assurance rating and individual report findings, which support continued improvement in the BTP/A control environment.

1. Apologies	
2. Declarations of Interest	
3. Annual Report and	
4. Any Other Business	



Though the overall rating remains consistent with 2020/21, some areas received higher levels of assurance than others. Payroll controls had been strengthened since the last GIAA audit and the area of Procurement received a Substantial rating as it was found to be well managed with good oversight. Management agree that there are areas where improvements are required, particularly in Strategic Workforce Planning and Risk Management, where Limited assurance opinions were received.

The Internal Audit annual opinion highlighted themes from the audits whereby there is a need to undertake and deliver on strategic long-term planning, fully exploit data and continue to invest and manage change in technology. The theme of strengthened collaboration and joint working between BTPA and BTP, alongside an increased focus by management on identifying and tackling issues in an open fashion has continued during the year. GIAA noted the openness and proactivity of management in identifying and seeking support for areas requiring improvement. The efforts to strengthen management culture to increase accountability, ownership and openness should help reinforce the governance and the control framework.

There remains a firm commitment from management to address themes, findings and risks identified by Internal Audit. Risk management, particularly embedding through the organisation and using data, is one key area requiring focus, despite the increased maturity at the strategic risk level. Audit actions are tracked both at BTP’s Audit, Risk, Inspection and Compliance Board and the Audit and Risk Assurance Committee. GIAA perform follow-up assurance work on actions deemed to be complete.

Management Assurance Return

The Management Assurance Return (MAR) is submitted to the Department for Transport (DfT) each year to allow them to gain assurance on specific areas of governance and internal control. BTP and the Authority find it a valuable process to

obtain assurance of key areas across the organisation. In assessing each functional area, other sources of assurance are reviewed and an assessment is preformed over governance, control and risk management in each area. Evidence is independently scrutinised by BTP and the Authority. The MAR is a second line of assurance mechanism which is reviewed quarterly at the Audit and Risk Assurance Committee. Members review quarterly changes in ratings and so have real-time oversight of any emerging issues.

HMICFRS

During 2021/22, BTP was inspected in the first of three areas against Her Majesty’s Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) two-year PEEL (Police Efficiency, Effectiveness and Legitimacy) Inspection Programme and also participated in national thematic inspections.

The PEEL inspection programme will be delivered in three strands over two years:

Victim Service Assessment – the outcome from the perspective of those receiving the services	October 2021 – Complete
Operational Assessment – how well services are provided	May 2022
Organisational Assessment – how well the police force is run	September – November 2022

In October 2021, the BTP was inspected by HMICFRS on the first strand of the PEEL inspection programme which focussed on its response to the victim journey. The inspection, supported by Her Majesty’s Inspectorate of Constabulary Scotland, covered the service BTP provides to victims of crime from initial contact through to the justice outcome and included an audit of BTP’s compliance with the Home Office Counting Rules (HOCR) and National Crime Recording Standards (NCRS).

The BTP is also inspected as part of

1. Apologies
2. Declarations of Interest
3. Annual Report and
4. Any Other Business

HMICFRS’s national inspections. This year, BTP has been inspected as part of HMICFRS’s Counter Terrorism Rolling Inspection Programme on how well prepared the police service response is to a terrorist Chemical, Biological, Radiological, Nuclear and Explosives (CBRNE) incident. Overall, HMICFRS found that BTP performed well and had a comprehensive understanding of CBRNE.

BTP regularly monitors recommendations from its inspections. Completion of these is presented to the Force Executive Board each month and quarterly at the BTPA Audit & Risk Assurance Committee and the Scottish Railways Policing Committee. BTP also review HMICFRS reports published on the inspection of other forces to identify any good practice and risks to ensure these are known and can be addressed as needed.

Other sources of Assurance

BTPA present an assurance map to the Audit and Risk Assurance Committee which outlines all the sources of assurance for each strategic risk, across the three lines of defence.

There are a number of third line of defence assurance mechanisms – audits and independent reviews – by regulatory bodies and peers. These cover a broad spectrum of areas such as custody through to information management. This year BTP has been subject to two inspections by the Investigatory Powers Commissioner’s Office (IPCO) in relation to its compliance with legislation in respect of its use and management of covert surveillance, covert human intelligence sources (CHIS) and property interference; and legislation relating to the Code of Practice governing the acquisition of Communications Data (CD). BTP demonstrated a good level of compliance in both inspections.

In addition, there is a second line of defence compliance and inspection function within BTP which coordinates a programme of activity. Reviews are

across a number of areas, from crime recording to driver standards; health and safety to the management of assets. The team attends BTP oversight boards and reports findings through the BTP governance structure up to the Audit and Risk Assurance Committee.

Board Effectiveness Evaluation

To be an effective board it is important that BTPA seeks continued improvement. Part of this is achieved through an annual Board Effectiveness Evaluation whereby feedback is sought from colleagues through questionnaires, along with meeting reviews which have been carried out through the year. Other mechanisms and best practice examples are also taken into consideration as part of the evaluation exercise.

Good progress has been made against the 2021 action plan which was approved in June 2021. Some key steps which have been taken include the introduction of monthly breakfast briefings which has increased exposure and offered education across a broader set of business areas. The reinstatement of the Chair’s Forum has provided the opportunity to enhance strategic focus and management of committee agenda items. Additionally a People and Culture Committee has been established to dedicate greater oversight activity in this area. BTPA has also been specifically exploring the notion of effectiveness through a number of different workshops and ways of working, including with BTP in respect of how it jointly discharges its responsibilities.

This year’s exercise continues to test progress made against the key themes which were identified during 2021. The findings which are starting to emerge strongly suggest that the Authority is meeting its statutory duties, whilst noting that there are areas that could be improved but these are known and are largely in development.

1. Apologies
2. Declarations of Interest
3. Annual Report and
4. Any Other Business

## Information Technology

This year has seen a continuation of transformation initiatives, to harness opportunities from technology as well as managing risks. Digital Policing has been a key area of focus, as well as replacement of legacy devices to ensure that officers and staff have the technology required to enable them to work effectively. Resilience and stability have been enhanced through implementation of a dedicated Strategy. Work has progressed well in operational and tactical areas, with a wider strategic focus to follow. A significant portion of BTP's capital investment has been in technology. Other projects completed include:

- Baskerville Office go-live including migration of First Contact Centre, plus full Axis House decommissioning
- IT Health Check 2020 Completion. All Critical, High and Medium issues were fully completed
- End User Compute ('EUC') Pilot + EUC Build deployment enabling the go-live of the core EUC programme
- Data-Hub Go-Live enabling easy access to basic reporting and processes, with workflow tracking
- Aggressive financial review of the Vodafone mobile phone contract to generate better value for BTP including cashable savings
- CCTV Network Migration project activation of new high-speed data circuits at Ebury Bridge improving reliability for CCTV operations with TOCs
- Service Desk performance improvements – resolution of open tickets as well as backdated issues, unassigned calls down to 200 from over 800
- Removal of legacy Samsung mobile (Circa 1400) from the BTP estate – all intake and transferee devices being delivered on time
- Cyber Security Strategy released

The department is now moving onto a more proactive focus, with the key strategic intention of enabling BTP's Force on the Move portfolio. The focus will be around 7 core areas as highlighted below:

1. People: To ensure the Technology employees are led, supported and able to deliver key objectives with a clear focus on valuing and developing people.
2. Change: To deliver 'A Force on the Move' projects and programmes that enable BTP's transition from legacy systems, infrastructure, and equipment to improved, up to date and accessible technology services.
3. Service: Accessible, responsive and user-focused services supported by practical guidance and transparent use of data to drive and demonstrate performance improvement and value for money.
4. Security: To ensure BTP is safe and secure at all times in relation to the threat posed from Cyber-attacks, with the mandated accreditations to operate as a National Police Force.
5. Infrastructure: To ensure all IT systems and applications are operating to business requirements around availability, resiliency and business continuity.
6. Digital: Digital solutions that empower collaboration, communication, connectivity, mobility and productivity.
7. Interoperability: To consider enrolling BTP in the National Enabling Programme for UK Police Forces, bringing about IT standardisation, capability and industry best-practices to inter-operate across policing.

BTP's annual Information Risk Assurance return to the Home Office, as well as other independent audits completed during the year, show progress across several core elements in relation to resilience and stability, IT risk management, Cyber Security and the IT business continuity capability, however there remain some areas of improvement. There is a Cyber

Security risk register highlighting increased risk in this area, particularly due to agile working and threats from nation states. BTP recognises the reputational risk that could arise if a cyber security incident occurred and is committed to providing the necessary capital investment to strengthen the overall IT capability.

There were four major outages during the year affecting IT operational services, related to BTP’s legacy IT services, its network connectivity and the physical infrastructure datacentre environments. In addition, there were several continuous smaller outages in the year, the majority of which were attributable to aging network equipment, legacy software, and on-going network improvements or third party works. BTP is committed to addressing these issues to ensure outages are minimised going forward.

A strategic risk deep dive was performed in technology, to assess in detail the causes, effects and mitigations of the strategic risk in detail. This noted all of the controls in place that have seen the residual risk reduce over the year, and the planned actions that will move BTP towards the target risk score. The Audit and Risk Assurance Committee sponsor this strategic risk and will monitor how BTP and the Authority manage this risk.

Legitimacy

Professional behaviour leads to legitimate policing, which is key to maintaining public trust and confidence in policing. BTP’s Professional Standards Department is primarily responsible for upholding professionalism across the organisation. Given this is a strategic risk, there is regular oversight by management in BTP and across the Authority’s committees. Members have received training on professionalism.

The risk is primarily managed through vetting of new and existing officers and staff, communications about what professional conduct is expected

of all employees and investment in changing the culture, led by the Chief Constable. There are many avenues for employees to report concerns of inappropriate behaviour or misconduct. Conduct matters are investigated by the Professional Standards Department and in some cases, have led to gross misconduct findings. BTP uphold high standards of integrity and professionalism and actively demonstrate this commitment.

The Complaints Review Panel was adopted for the Complaints and Misconduct Regulations 2021. Fifteen cases have been evaluated by this group, comprising suitably trained Members and Executive staff. BTPA have sought to work with BTP to ensure reflective practice is implemented and learnings taken from complaints.

Oversight and analysis of use of powers is a key priority for the British Transport Police due to the impact such powers can have on local communities and the effect on public trust and confidence. BTP has a governance framework for the use of powers, including analysing data sets and creating community scrutiny structures to ensure that all BTP use of powers are effective, ethical and open to scrutiny. The use of these powers is now governed through a strategic board. These internal meetings are supported by Community Reference Groups, which act as a critical friend in alerting the Force to the risks, implications and local concerns regarding the use of powers.

Vetting Procedures

The vetting team was expanded in 2021/22 and worked towards ISO 9001 accreditation. We are pleased to say this was subsequently awarded on 28th April 2022, such that BTP has one of only two police vetting teams nationally who are accredited to ISO 9001. This accreditation demonstrates that the team have been working to a ‘quality management system’ and regularly review systems and processes to maintain high standards.



Financial Controls

BTPA receive budgetary cover from the Department for Transport and the Accounting Officer is required to remain within delegated spend limits. In turn, much of this budget is delegated from BTPA to BTP to allow for operational independence in spending these funds. BTP have delegated budget holders throughout the organisation and have this year issued delegation letters to each, outlining responsibilities for budget holders and providing regular training to ensure these are understood.

Further, I receive guidance from the Audit & Risk Assurance Committee which in turn is informed by their oversight of all assurance mechanisms, internal controls and risk management.

Having reviewed the evidence provided, I am satisfied, in line with my responsibilities set out above, that BTPA and BTP have implemented a system of internal control across the whole period of 2021/22 and up to the approval date of the Annual Report.



Hugh Ind  
Accounting Officer

Date 14 July 2022

Management of Outside Interests

Contained within the Directors’ report are details of Members’ roles outside of BTPA. A register of interests is held at BTPA for Executive staff and at BTP for its management. In addition, a Business Interest Register is held for all staff to report secondary employment (including voluntary) and colleagues involved in procurement must declare any interests as part of that process.

Gifts and hospitality are recorded, monitored and approval sought from the relevant authorising person for any item registered. Regular reminders are communicated with employees.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control and compliance within the Corporate Code of Governance for BTPA. My review is informed by an annual Governance & Assurance meeting with the Chief Finance Officer, Chief Constable as Additional Accounting Officer, and her Chief Officer Group colleagues, the work of internal audit, the management assurance reporting and by external audit feedback in their management letter and other reports.

# REMUNERATION REPORT

## The appointment of the Members of the Authority

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

Members of BTPA are appointed by the Secretary of State for Transport, with the intention that BTPA 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 BTPA 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.

BTPA'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 relating to policies and guidelines from the Police Remuneration Review Body which influences the remuneration arrangements for both superintending and federated ranks; and

- for police support staff, collective bargaining with recognised employee associations determines annual settlements.
- The Members' salaries and allowances are set by the Secretary of State for Transport following consultation with BTPA. Members 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.

## Authority Officers

Authority Officers	Commencement of contract	Term expiry date	Notice period required months
Hugh Ind, Chief Executive	03/06/2019	Permanent appointment	3
Sarah McGarel, Chief Financial Officer and Treasurer and Deputy Chief Executive	09/04/2018	Permanent appointment	3

## BTP Chief Officer Group

Authority Officers	Commencement of contract	Term expiry date	Notice period required months
Lucy D'Orsi, Chief Constable	22/03/2021	19/01/2025	6
Alistair Sutherland, Deputy Chief Constable	08/11/2021	09/11/2024	3
Adrian Hanstock, Deputy Chief Constable	14/10/2014	07/11/21	3
Sean O'Callaghan, Assistant Chief Constable	25/06/2018	Permanent appointment	3
Simon Downey, Director of Strategy and Change	22/04/2014	11/03/2022	3
Tracey Martin, Director of Finance and Commercial Services	30/7/2018	Permanent appointment	3
Rachael Etebar, Director of People and Culture	13/08/2018	Permanent appointment	3
Charlie Doyle, Assistant Chief Constable	20/09/2018	Permanent appointment	3

## Remuneration of Authority Members (Audited)

	2021/22				2020/21			
	Salary	Benefits in kind (to nearest £100)	Pension Benefits	Total	Salary	Benefits in kind (to nearest £100)	Pension Benefits	Total
	£'000	£	£'000	£'000	£'000	£	£'000	£'000
<b>Members</b>								
Ron Barclay – Smith	30-35	-	-	30-35	30-35	-	-	30-35
Dominic Booth <sup>1</sup>	5-10	-	-	5-10	15-20	-	-	15-20
William Matthews	15-20	-	-	15-20	15-20	-	-	15-20
Andrew Pollins <sup>2</sup>	10-15	-	-	10-15	15-20	-	-	15-20
Mark Phillips <sup>3</sup>	0	-	-	0	15-20	-	-	15-20
Stella Thomas <sup>4</sup>	10-15	-	-	10-15	15-20	-	-	15-20
Beverley Shears	15-20	-	-	15-20	15-20	-	-	15-20
William Gallagher	15-20	-	-	15-20	15-20	-	-	15-20
Martin Richards	15-20	-	-	15-20	15-20	-	-	15-20
Graham Evans	15-20	-	-	15-20	15-20	-	-	15-20
Kenna Kintrea	15-20	-	-	15-20	15-20	-	-	15-20
Andrew Cooper <sup>5</sup>	25-30	-	-	25-30	20-25	-	-	20-25
Sir Craig Mackey	15-20	-	-	15-20	15-20	-	-	15-20
Mike Gallop <sup>6</sup>	0-5	-	-	0-5	-	-	-	-
Emir Feisal <sup>7</sup>	0-5	-	-	0-5	-	-	-	-
Nick Hawkins <sup>8</sup>	0-5	-	-	0-5	-	-	-	-
Fiona Brunskill <sup>9</sup>	0-5	-	-	0-5	-	-	-	-
Stewart Jackson <sup>10</sup>	0-5	-	-	0-5	-	-	-	-

1 Dominic Booth left on 31/08/2021, full time salary normally £15,000-£20,000 annually

2 Andrew Pollins left on 31/12/2021, full time salary normally £15,000-£20,000 annually

3 Mark Phillips performed the role of Deputy Chair in 2019/20, the full time equivalent for this role is £25,000 - £30,000. His membership term ended on 5th November 2020.

4 Stella Thomas left on 31/12/2021, the full time equivalent salary for this role is £15,000 - £20,000

5 Andrew Cooper performed the role of Deputy Chair in 2021/22, full time salary normally £25,000-£30,000 annually.

6 Mike Gallop joined on 23/02/22, full time salary normally £15,000-£20,000 annually

7 Emir Feisal joined on 28/02/2022, full time salary normally £15,000-£20,000 annually

8 Nick Hawkins joined on 23/02/2022, full time salary normally £15,000-£20,000 annually

9 Fiona Brunskill joined on 23/02/2022, full time salary normally £15,000-£20,000 annually

10 Stewart Jackson joined on 28/02/2022, full time salary normally £15,000-£20,000 annually



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

	2021/22				
	Salary	Compensation Payments	Benefits in kind (to nearest £100)	Pension Benefits	Total
	£'000	£'000	£	£'000	£'000
<b>Authority Officers</b>					
Hugh Ind	150-155	-	-	33	185-190
Sarah McGarel	125-130	-	2,000	29	155-160
<b>Chief Officer Group</b>					
Lucy D'Orsi <sup>11</sup>	215-220	-	200	-	215-220
Adrian Hanstock <sup>12</sup>	145-150	-	1,700	31	180-185
Alistair Sutherland <sup>13</sup>	45-50	-	200	-	45-50
Sean O'Callaghan	130-135	-	200	31	165-170
Simon Downey <sup>14</sup>	150-155	-	200	24	175-180
Tracey Martin	130-135	-	200	30	160-165
Rachael Etebar	135-140	-	200	33	170-175
Charlie Doyle	130-135	-	200	-	130-135
Allan Gregory <sup>15</sup>	100-105	-	100	36	135-140

<sup>11</sup> Lucy D'Orsi was appointed as Chief Constable for a term of four years, with the initial period being served as a secondment from the Metropolitan Police Service between 22 March 2021 and 19 January 2022. The costs for this secondment in 2021/22 were £190,000 – £195,000 which includes coverage of her salary, allowances and pension contributions made directly by the Metropolitan Police comprising full time equivalent salary of £155,000 – £160,000 and allowances of £15,000 – £20,000. Her pension arrangements remained with the Metropolitan Police for the period of the secondment. Upon employment by BTPA on 20 January 2022 salary received till 31 March 2022 was £20,000-£25,000, full time equivalent salary is £170,000 – £175,000.

<sup>12</sup> Adrian Hanstock left BTP on 31/12/2021, full time equivalent salary is £165,000 – £170,000. Pension benefit is the value accrued until this date, after which he took payment; therefore value accrued at 31/03/2022 is nil.

<sup>13</sup> Alistair Sutherland joined BTP on 08/11/2021, full time equivalent salary would be £140,000 – £150,000

<sup>14</sup> Simon Downey left BTP on 11/03/2022, full time equivalent salary is £150,000-£155,000. Pension benefit is the value accrued to this date, after which he took payment; therefore value accrued at 31/03/2022 is nil.

<sup>15</sup> Allan Gregory's temporary role as Assistant Chief Constable commenced on 2 August 2021 and is due to end on 31 December 2022. He received a temporary allowance for these additional duties. Full time equivalent annual salary without uplift is £95,000-£100,000.

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

	2020/21				
	Salary	Compensation Payments	Benefits in kind (to nearest £100)	Pension Benefits	Total
	£'000	£'000	£	£'000	£'000
<b>Authority Officers</b>					
Hugh Ind	150-155	-	-	34	185-190
Sarah McGarel	125-130	-	2,200	37	165-170
<b>Chief Officer Group</b>					
Lucy D'Orsi <sup>16</sup>	5-10	-	-	-	5-10
Paul Crowther CBE <sup>17</sup>	190-195	14	6,200	-	210-215
Adrian Hanstock <sup>18</sup>	165-170	-	3,500	44	215-220
Alistair Sutherland <sup>19</sup>	-	-	-	-	-
Sean O'Callaghan	130-135	-	200	38	165-170
Simon Downey <sup>20</sup>	145-150	-	200	39	185-190
Tracey Martin	130-135	-	200	33	165-170
Rachael Etebar	135-140	-	-	34	170-175
Charlie Doyle	130-135	-	200	-	130-135
Allan Gregory <sup>21</sup>	90-95	-	100	-	90-95

16 Lucy D'Orsi was appointed as Chief Constable for a term of four years, with the initial period being served as a secondment from the Metropolitan Police Service between 22 March 2021 and 19 January 2022. The costs for this secondment in 2021/22 were £190,000 – £195,000 which includes coverage of her salary, allowances and pension contributions made directly by the Metropolitan Police comprising full time equivalent salary of £155,000 – £160,000 and allowances of £15,000 – £20,000. Her pension arrangements remained with the Metropolitan Police for the period of the secondment. Upon employment by BTPA on 20 January 2022 salary received till 31 March 2022 was £20-£25k, full time equivalent salary is £170 – £175k.

17 Paul Crowther's term as Chief Constable ended on 7th February 2021. The full year equivalent is £210,000 – £215,000.

18 Adrian Hanstock left BTP on 31/12/2021, full time equivalent annual salary is £165,000 – £170,000

19 Alistair Sutherland joined BTP on 08/11/2021, full time equivalent salary would be £140,000 – £150,000

20 Simon Downey left BTP on 11/03/2022, full time equivalent salary is £150,000-£155,000. Pension benefit is the value accrued to this date, after which he took payment; therefore value accrued at 31/03/2022 is nil.

21 Allan Gregory's temporary role as Assistant Chief Constable commenced on 2 August 2021 and is due to end on 31 December 2022. He received a temporary allowance for these additional duties. Full time equivalent annual salary without uplift is £95,000-£100,000.

## 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 that are a reimbursement of expenses directly incurred in the performance of an individual's duties.

## Bonus payments

BTPA does not ordinarily operate a bonus scheme. No performance related bonuses were given in 2020/21 or 2021/22.

## 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.

## Performance pay

A performance management regime is in place, where objectives for the Chief Officer Group are agreed by BTPA. 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 BTPA's Executive. The BTPA Chair assesses the Chief Constable and BTPA Chief Executive Officer against defined objectives. 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.

## Fair Pay Disclosures (Audited)

Percentage change in total salary and bonuses for the highest paid director and the staff average

	2021/22		2020/21	
	Total salary and allowances	Bonus Payments	Total salary and allowances	Bonus Payments
Staff average	0.30%	15%	2.53%	42%
Highest paid director	(22.47%)	0%	2.30%	0%

Ratio between the highest paid directors' total remuneration and the lower quartile, median and upper quartile for staff pay

	Lower quartile	Median	Upper quartile
2021-22	5.7:1	4.5:1	3.6:1
2020-21	7.7:1	5.7:1	4.6:1

Lower quartile, median and upper quartile for staff pay for salaries and total pay and benefits.

	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
	Lower quartile		Median		Upper quartile	
<b>Salary</b>	27,030	27,030	34,950	34,950	41,130	41,130
<b>Total Pay and Benefits</b>	30,411	28,712	38,056	39,149	48,036	48,036

The banded remuneration of the highest-paid director in the Department in 2021-22 was £172,500 (2020-21, £222,500). This was 4.5 times (2020-21, 5.7) the median remuneration of the workforce, which was £39,433 (2020-21, £39,314). This reduction is as a result in a change in role holder for the Chief Constable between 2020-21 and 2021-22. The highest paid director did not receive any bonus payments in 2021-22, 2020-21 or 2019-20.

In 2021-22, 0 (2020-21, 0) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £15,000-£20,000 to £150,000-£155,000 (2020-21: £15,000-£20,000 to £170,000- £175,000).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Whilst a pay award was given during 2020-21, no award was given during 2021-22. The increase in the staff average remuneration in 2021-22 is as a result of salary spine point increases.

The reduction in the ratio between the highest paid directors' remuneration and the staff lower quartile, median and upper quartile has been caused by a reduction in the highest paid director's remuneration in 2021-22.

The banded remuneration of the highest paid director decreased between 2021-22 and 2020-21 due to a change in the post holder of Chief Constable.



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 paid contributions of 10.06% of pensionable pay (less 1.5 times the basic state pension) up to and including 31 March 2022. Their contribution rate increased from 1 April 2022 onwards to 10.68%, which will be reflected in next year's accounts. 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, BTPA 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 BTPA. 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 BTPA's employment, it is 65. Benefits accrue at 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 BTPA 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.

CETVs 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.

1. Apologies
2. Declarations of Interest
3. Annual Report and
4. Any Other Business

## Pension Benefits (Audited)

Officials	Accrued values at pension age as at 31/03/22		Real increase values at pension age		CETV at 31/03/21	CETV at 31/03/22	Real increase in CETV
	Pension	Lump sum	Pension	Lump sum			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000

## Authority Members

Authority Members are not eligible to join the scheme

## Authority Officers

Hugh Ind	5-10	5-10	0-2.5	0-2.5	74	118	45
Sarah McGarel	5-10	5-10	0-2.5	0-2.5	70	96	26

## Chief Officer Group

Sean O'Callaghan	5-10	5-10	0-2.5	0-2.5	94	135	41
Rachael Etebar	5-10	5-10	0-2.5	0-2.5	115	165	50
Tracey Martin	5-10	5-10	0-2.5	0-2.5	90	128	38
Allan Gregory	50-55	50-55	0-2.5	2.5-5.0	X	1110	X
Adrian Hanstock	Retired						
Simon Downey	Retired						
Paul Crowther	Opted out of scheme						
Charlie Doyle	Not a member of the scheme.						





1. Apologies	
2. Declarations of Interest	
3. Annual Report and	
4. Any Other Business	



## Staff report

### Total average number of persons employed (audited)

	2021/22	2020/21 (Restated)
Permanently employed staff*	4,797	4,791
Temporary Staff**	116	120
Special Constables***	293	285
<b>Total</b>	<b>5,205</b>	<b>5,196</b>

\* Permanently employed staff defined as staff with a permanent (UK) employment contract.

\*\* Staff and volunteers engaged on a temporary basis to meet the objectives of the entity.

\*\*\* Special Constables have a contract with BTP that slightly differs from that of other employees, so have been disclosed separately

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

	2021/22			2020/21
	Permanently employed staff	Other staff	Total	Total
	£'000	£'000	£'000	£'000
Salaries and wages	208,966	1,105	210,071	210,896
Social security costs	20,357	-	20,357	20,157
Other pension costs	113,826	-	113,826	69,145
<b>Sub-total</b>	<b>343,149</b>	<b>1,105</b>	<b>344,254</b>	<b>300,198</b>
Less recoveries in respect of outward secondments	(1,031)	-	(1,031)	(1,028)
<b>Total net costs</b>	<b>342,118</b>	<b>1,105</b>	<b>343,222</b>	<b>299,170</b>

Total expenditure on consultancy for 2021/22 is £845,518 (£826,857 in 2020/21) and total expenditure on temporary staff is £1,104,637 for 2021/22 (£1,087,586 in 2020/21).

## Reporting of severance payments (Audited)

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
<£10,000	11	21	2	1	13	22
£10,000–£24,999	3	7	10	6	13	13
£25,000–£49,999	3	3	5	3	8	6
£50,000–£99,999	–	–	1	–	1	–
£100,000–£149,999	–	–	–	–	–	–
£150,000–£199,999	–	–	–	–	–	–
Total number of exit packages	17	31	18	10	35	41
Total value of packages (£'000)	186	316	449	222	635	538

There were 17 compulsory redundancies amounting to £186k in 2021/22 (31 in 2020/21 amounting to £316k).

There was a total of 18 other departures in 2021/22 amounting to £449k (10 in 2020/21 amounting to £222k).

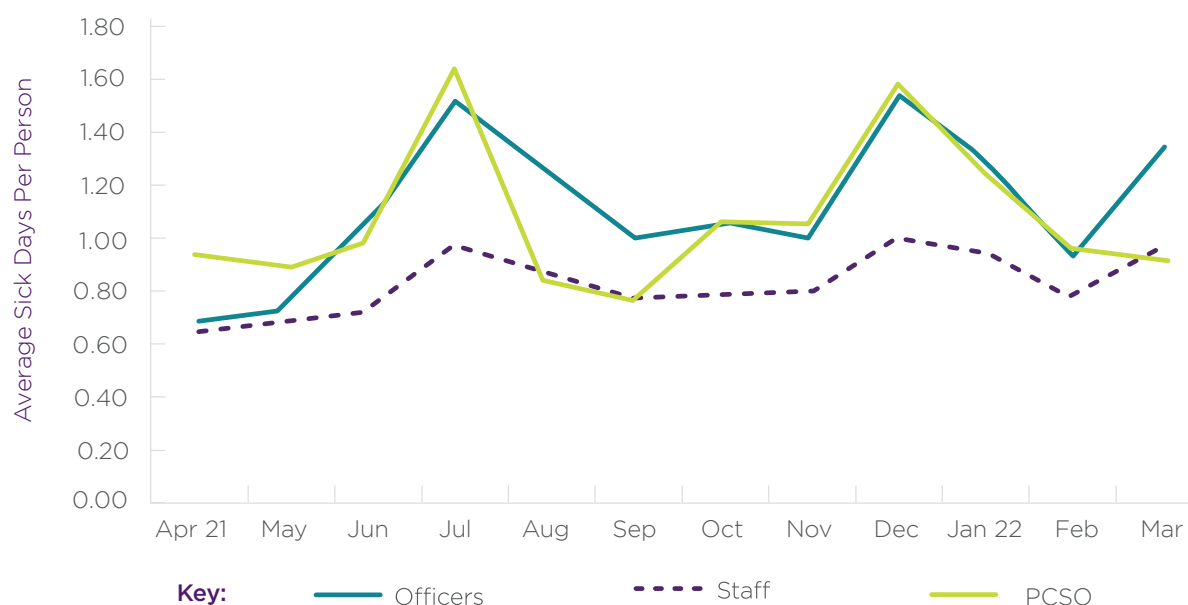
## Employee composition

Number of persons of each gender who were employees of the entity as at 31 March 2022.

	2021/22			2020/21		
	Male	Female	Total	Male	Female	Total
Authority Members	11	3	14	7	3	10
Authority Officers and Strategic Command Team	5	4	9	5	4	9
Remaining Employees	3,562	1,613	5,175	3,615	1,584	5,199
Total	3,578	1,621	5,199	3,629	1,591	5,220

## Sickness absences

### Average Sickness Days Per Person 2021 – 2022



For 2021/2022 BTP averaged 12.40 (20/21: 14.90) sick duty days per person.

Sickness and attendance management remains a key focus for all, with a view to support employees' wellbeing and maximise attendance at work.

## Trade Union Facility Time

Under the Trade Union (Facility Time Publication Requirements) Regulations 2017 (Statutory Instrument 328) British Transport Police had 17 full time equivalent members of staff who were union officials during the period. Time spent on union activities equated to 100% of the total working time for one individual, and 1%-50% for the remaining 16, 0.02047% of BTP's total pay bill of £207,836k is spent on facility time. A total of 0.72% paid leave was given for trade union activities for which there was no statutory right for paid leave. This equates to a pay value of £4k.

## Off-Payroll Tables

A robust governance process is in place to challenge and control the use of off-payroll engagements and ensure compliance. All engagements were considered as either in scope or not subject to the legislation. For those not subject to the legislation they were engaged via umbrella companies or on the payroll of an organisation in the supply chain. Two engagements were reassessed for consistency and compliance without resulting in a change to its initial status.

Highly paid off-payroll worker engagements as at 31 March 2022, earning £245 per day or greater.

	2021/22
Number (No.) of existing engagements as of 31 March 2022	18
Of which, no. that existed:	
less than 1 year at the reporting date	7
between 1 and 2 years at the reporting date	1
between 2 and 3 years at the reporting date	0
between 3 and 4 years at the reporting date	0
more than 4 years at the reporting date	0

All highly paid off-payroll workers engaged at any point during the year ended 31 March 2022, earning £245 per day or greater.

	2021/22
No. of temporary off-payroll workers engaged during the year ended 31 March 2022	18
Not subject to off-payroll legislation	7
Subject to off-payroll legislation and determined as in-scope of IR35	11
Subject to off-payroll legislation and determined as out-of-scope of IR35	0
No. of engagements reassessed for compliance or assurance purposes during the year	2
Of which: No. of engagements that saw a change to IR35 status following review	0

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2021 and 31 March 2022.

	2021/22
Total no. of individuals who have been deemed 'board members', and/or, senior officials with significant financial responsibility, during the financial year. This figure includes both on-payroll and off-payroll engagements.	10
No. of off-Payroll engagements of board members, and/or, senior officials with significant financial responsibility during the financial year.	0



## 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:

- Ability Network (Disability Support)
- Association of Muslim Police
- Christian Police Association
- Female Police Association
- Gypsy Roma Traveller Police Association
- Jewish Police Association
- LGBT+ Support Network (Lesbian, Gay, Bisexual and Transgender Support)
- National Police Autism Association
- Police Pagan Association
- Support Association for Minority Ethnic staff
- The British Transport Police Sikh Association
- The Hindu Police Association

## Disability management

The 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 for which they are applying. The BTP also has a process in place to facilitate consultation with the Occupational Health Department and the Head of Inclusion and Diversity 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.



**Hugh Ind**  
**Accounting Officer**

**Date** 15 July 2022



# PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT

## Regularity of expenditure:

### Losses and Special payments (audited)

	2021/22	2020/21
Total number of losses and special payments	198	165
Total value of losses and special payments	£1,407,181	£1,765,330
Losses statement		
Number of losses	51	34
Value of losses	£124,604	£758,966
Special payments statement		
Number of special payments	147	131
Value of special payments	£1,282,578	£1,006,364

### Losses

There are no individual losses in excess of £300,000

### Special payments

A total of £868,271 (£827,657 for 2020/21) was paid to settle legal claims from former employees and the public. There was no individual payment in excess of £300,000.

There were a number of payments to HMRC in relation to tax/NI due for settled claims totalling £408,306. These relate to Allard & Ors v Chief Constable of Devon & Cornwall Constabulary with regards to the scope of activities constituting a recall to duty and generating overtime.

# 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 the British Transport Police Fund for the year ended 31 March 2022 under the Railways and Transport Safety Act 2003.

The financial statements comprise British Transport Police Fund's;

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Net Income, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the British Transport Police Fund's affairs as at 31 March 2022 and its net operating deficit for the year then ended; and
- 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 (UK) (ISAs UK), applicable law 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 2019*. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the British Transport Police Fund in accordance with the ethical requirements that are relevant to my audit of 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.

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that the British Transport Police Fund's use of the going concern basis

of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the British Transport Police Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the British Transport Police Authority (the Authority) and the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the British Transport Police Fund is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

**Other Information**

The other information comprises information included in the Annual Report, but does not include the financial statements nor my auditor's certificate thereafter. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the

financial statements themselves. 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 part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Railways and Transport Safety Act 2003.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the Railways and Transport Safety Act 2003; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

**Matters on which I report by exception**

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 material misstatements in the Performance and Accountability Reports.

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

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the British Transport Police Fund 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 subject

1. Apologies	
2. Declarations of Interest	
3. Annual Report and	
4. Any Other Business	



- to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury’s Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury’s guidance.

**Responsibilities of the British Transport Police Authority and Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer’s Responsibilities, the Authority and the Accounting Officer are responsible for:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the British Transport Police Fund’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority and the Accounting Officer anticipates that the services provided by the British Transport Police Fund will not continue to be provided in the future.

**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.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. 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.

**Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud**

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

**Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud**

- In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:
- the nature of the sector, control environment and operational performance including the design of the British Transport Police Fund’s accounting policies, key performance indicators and performance incentives.
  - Inquiring of management, the British

1. Apologies	
2. Declarations of Interest	
3. Annual Report and	
4. Any Other Business	

Transport Police Fund’s head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the British Transport Police Fund’s policies and procedures relating to:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the British Transport Police Fund’s controls relating to the British Transport Police Fund’s compliance with Railways and Transport Safety Act 2003 and Managing Public Money.
- discussing among the engagement team and involving relevant internal specialists, including actuarial and pension specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the British Transport Police Fund for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates including the significant defined benefit pension obligations. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the British Transport Police Fund’s framework of authority as well as other legal and regulatory frameworks in which the British Transport Police Fund operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on

the operations of the British Transport Police Fund. The key laws and regulations I considered in this context included Railways and Transport Safety Act 2003, Managing Public Money; and relevant employment law and taxation legislation.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management, the Audit and Risk Assurance Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

Other auditor’s responsibilities

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

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.

Report

I have no observations to make on these financial statements.

Gareth Davies

Date [redacted]

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP



1. Apologies	
2. Declarations of Interest	
3. Annual Report and	
4. Any Other Business	





# FINANCIAL REPORT

1. Apologies	2. Declarations of Interest	3. Annual Report and	4. Any Other Business
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## Statement of comprehensive income

For the year ended 31 March 2022

		31 March 2022	31 March 2021
	Note	£'000	£'000
<b>Income</b>			
Police Service Agreement	6	234,228	230,052
Other Income	6	96,895	89,786
		<b>331,123</b>	<b>319,838</b>
<b>Expenditure</b>			
Staff costs	7	(343,223)	(299,170)
Depreciation and amortisation	8	(18,162)	(18,773)
Other expenditure	8	(58,864)	(55,002)
		<b>(420,249)</b>	<b>(372,945)</b>
<b>Operating deficit</b>		<b>(89,126)</b>	<b>(53,107)</b>
Net interest receivable		3	51
Net interest payable for pension schemes	23	(20,030)	(13,090)
Finance expense	8	(734)	(476)
Gain on modification of lease		4	–
<b>Net deficit for the financial year</b>		<b>(109,883)</b>	<b>(66,622)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified:</b>			
Net gain/(loss) on revaluation of non-current assets	22	3,534	(42)
Actuarial gains/(losses) on defined benefit pension schemes	22	233,190	(403,309)
		<b>236,724</b>	<b>(403,351)</b>
<b>Total comprehensive surplus/(deficit) for the year ended 31 March 2022</b>		<b>126,841</b>	<b>(469,973)</b>

Any net deficit or surplus for the relevant 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 2022

	Note	31 March 2022 £'000	31 March 2021 £'000
<b>Non-current assets</b>			
Property, plant and equipment	9	87,417	64,169
Intangible assets	10	2,409	3,521
<b>Total non-current assets</b>		<b>89,826</b>	<b>67,690</b>
<b>Current assets</b>			
Inventories	12	375	67
Trade and other receivables	13	10,517	21,284
Cash and cash equivalents	14	53,331	36,571
<b>Total current assets</b>		<b>64,223</b>	<b>57,922</b>
<b>Total assets</b>		<b>154,049</b>	<b>125,612</b>
<b>Current liabilities</b>			
Trade and other payables	15	(55,194)	(51,818)
Provisions for liabilities and charges	16	(7,352)	(6,376)
<b>Total current liabilities</b>		<b>(62,546)</b>	<b>(58,194)</b>
<b>Non-current assets plus net current assets</b>		<b>91,503</b>	<b>67,418</b>
<b>Non-current liabilities</b>			
Pension liabilities	23	(912,506)	(1,039,126)
Other payables	15	(25,510)	(15,736)
<b>Total non-current liabilities</b>		<b>(938,016)</b>	<b>(1,054,862)</b>
<b>Assets less liabilities</b>		<b>(846,513)</b>	<b>(987,444)</b>
<b>Taxpayers' net (deficit)</b>			
Income and expenditure reserve	22	57,240	46,463
Revaluation reserve	22	8,753	5,219
Pension reserve	22,23	(912,506)	(1,039,126)
		<b>(846,513)</b>	<b>(987,444)</b>

The financial statements on pages 83-125 were approved by the Authority on 29/06/2022 and were signed on its behalf by:



Hugh Ind  
Accounting Officer  
Date 14 July 2022

## Statement of changes in taxpayers' equity

For the year ended 31 March 2022

		Income and expenditure reserve	Revaluation reserve	Pension reserve	Total reserves
	Note	£'000	£'000	£'000	£'000
<b>Balance at 01 April 2020</b>		49,479	5,261	(579,327)	(524,587)
<b>Changes in taxpayers' equity 2020/21</b>					
IFRS 16 adjustments after transition	22	(315)	–	–	(315)
Net gain/(loss) on revaluation of property, plant and equipment and intangible assets	9,10,22	–	544	–	544
Actuarial Gains/(Losses)	22	–	–	(403,309)	(403,309)
Net deficit for the year	22	(66,622)	–	–	(66,622)
Reclassification	22	338	–	–	338
Transfer to/from Reserves	23	57,076	(586)	(56,490)	–
DfT Grant funding recognised		6,507	–	–	6,507
<b>Balance at 31 March 2021</b>		<b>46,463</b>	<b>5,219</b>	<b>(1,039,126)</b>	<b>(987,444)</b>
<b>Changes in taxpayers' equity 2021/22</b>					
Net gain/(loss) on revaluation of property, plant and equipment and intangible assets	9,10,22	–	4,094	–	4,094
Actuarial Gains/(Losses)	22	–	–	233,190	233,190
Net deficit for the year	22	(109,883)	–	–	(109,883)
Reclassification	22	381	–	–	381
Transfer to/from Reserves	23	107,130	(560)	(106,570)	–
DfT Grant funding recognised <sup>1</sup>	22	13,149	–	–	13,149
<b>Balance at 31 March 2022</b>		<b>57,240</b>	<b>8,753</b>	<b>(912,506)</b>	<b>(846,513)</b>

<sup>1</sup> This is a grant in aid provided by DfT (controlling party) in order to fund Baskerville House and Estates remedial works (£10.081m) and Covid funding agreed in FY 20/21 received in FY 21/22 (£3.068).



**Statement of cash flows**

For the year ended 31 March 2022

		2021/22	2020/21
	Note	£'000	£'000
<b>Cash flows from operating activities</b>			
Net deficit for the financial year		(109,883)	(66,622)
<b>Less non-cash adjustments</b>			
(Profit)/Loss on disposal of non-current assets	8	(132)	(146)
(Increase)/Decrease in trade and other receivables	13	10,767	(1,807)
(Increase)/Decrease in inventories	12	(308)	(19)
Increase/(Decrease) in trade and other payables falling due within one year	15	6,838	8,513
Increase/(Decrease) in trade and other payables due after more than one year	15	9,774	(1,174)
Increase/(Decrease) in provisions	16	976	(904)
Depreciation of property, plant and equipment	9	12,325	11,316
Depreciation of right-of-use assets	9	3,991	4,905
Amortisation of intangible assets	10	1,846	2,552
IAS 19 Pension adjustment	23	86,540	43,400
Net interest payable for pension schemes	23	20,030	13,090
Finance expense	8	734	476
Derecognition of assets under construction	9,10	75	116
Derecognition of right of use asset	9	326	
Movements in seized cash going to reserves		380	
Less cash item classified elsewhere within statement of cash flows		(3)	(51)
<b>Net cash flow from operating activities</b>		<b>44,276</b>	<b>13,645</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9	(36,290)	(17,683)
Purchase of intangible assets	10	(509)	(428)
Proceeds from disposal of assets		324	288
Interest paid/(received)		–	–
<b>Net cash flow from investing activities</b>		<b>(36,475)</b>	<b>(17,823)</b>
<b>Cash flows from financing activities</b>			
Capital repayment of right-of-use liabilities	19	(4,193)	(4,902)
Grant funding received		13,149	6,507
Interest received		3	51
<b>Net cash flows from financing activities</b>		<b>8,959</b>	<b>1,656</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<b>16,760</b>	<b>(2,522)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>36,571</b>	<b>39,093</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>53,331</b>	<b>36,571</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 significant accounting policies

These financial statements have been prepared in accordance with the 2021/22 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 2021/22 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 historical 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 because BTPA continues to be the sole provider of policing services on the rail network under the Railways and Transport Safety Act 2003.

Negative equity arises because of the Authority's substantial net liabilities relating to defined benefit pension schemes. As disclosed in Note 23 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 New Accounting standards issued

IFRS 17 Insurance Contracts establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard and is applicable for accounting periods ending on or after 1 January 2023. Management have performed a preliminary review of this standard and expect its impact on the Authority to not be material since no insurance contracts are issued by this entity.

### 2.4 Property, plant and equipment

Property, plant and equipment includes improvements and capital works to leasehold buildings, plant and machinery, right-of-use assets, 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 irrecoverable 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. Following recognition, PPE is revalued and restated to current value each year using the relevant modified historical 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 historical 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. Motor vehicles start to be depreciated once the fleet management company have confirmed they are in use. All other 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
- Right-of-use assets – Number of years remaining on the lease
- Fixtures and fittings – 5 years
- Motor Vehicles – 5 years
- IT Equipment – 4-5 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. Following recognition, intangible assets are revalued annually, where appropriate, using indices from the ONS. Intangible assets are amortised on a straight-line basis over a two – five year useful economic life depending on the specifics of the intangible asset.

The BTPA derecognises assets 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 SoCL.

## 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 non-financial 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 BTPA 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, BTPA 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 Revenue Recognition

Income is recognised as the performance obligations are fulfilled in line with IFRS15 – Revenue from Contracts with Customers. The majority of income is derived from Police Service Agreements (PSA) and Enhanced Police Service Agreements (EPSA). PSAs are in accordance with the Railways and Transport Safety Act 2003, and set out the obligations for both the Authority and the rail operators. Rail operators are legally required to hold a PSA. Charges are based on the annual policing plan which is devised in consultation with stakeholders. EPSAs 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. The costs are charged in year, in line with the service provided as the performance obligations are met. EPSAs are contracted for a specific period, and rebates are given where the service provided was below the performance obligation.

## 2.11 Leases

IFRS 16 Leases provides a single lessee accounting model that results in more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed. The standard requires lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset meets the IFRS 16 criteria to be classified as of "low value". The assets and liabilities are recognised initially at the discounted value of the minimum lease payments, and that the assets, described as "right of use" assets, are presented under Property, Plant and Equipment. The right-of-use assets have been depreciated on a straight-line basis and interest has been recognised on the liabilities. The cost model has been applied to assets for leases other than leases with a peppercorn rental, which have been measured on a current value in existing use basis. As a result, the timing of the recognition of the total costs of leasing has changed, as interest costs will be higher at the start of a lease.

Under IFRS 16, as adapted and interpreted by the Financial Reporting Manual, there is a presumption that where entities cannot readily determine the interest rate implicit in the lease, they are instead required to use the HM Treasury discount rate promulgated in Public Expenditure System papers as their incremental borrowing rate. The discount rate issued by HM Treasury was .91% which has been applied by BTP for leases that commence or are remeasured prior to January 2022 and in the 2021 calendar year and .95% for the full calendar year 2022.



The Authority has a number of short term leases in respect of property that do not come under the scope of IFRS16. These leases are considered short-term on the grounds that the contracts are no longer enforceable as both BTP and the lessor have the right to terminate the contract with a notice period of 12 months or less. Rentals under operating leases are charged to the SoCI in the period in which they are incurred.

## 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 BTPA's control, unless their likelihood is considered to be remote.

## 2.14 VAT

Most of the activities of the BTPA 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/finance expense

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

Finance expense represents interest charged against right-of-use assets in scope with IFRS 16.

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 end of cost or net realisable value.

## 2.17 Impairment of financial assets

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. Where applicable, impairment is reflected on the basis of expected credit loss allowances for trade receivables and similar arrangements which are measured at an amount equal to a 12-month expected credit losses and recognised where material.

BTP does not have any loans to external borrowers.

Credit loss allowances are recognised where material. BTP considers that none of its debts have significantly increased in credit risk in 2021-22 and that there is no lifetime expected credit loss calculated.

## 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

### Employee benefits

Wages, salaries, bonuses, social security contributions, annual leave, sick leave, and time off in lieu are accrued in the period in which the associated services are rendered by employees.

### Retirement benefit costs

Employees can be members of defined benefit pension schemes as disclosed in Note 23.

The current service cost is the expected cost of benefits accrued in the year following the valuation date. This is calculated using the expected benefits accrued over the year, and considering the expected payments made in relation to this benefit. This takes account of any expected salary and pension increases. The cost is the amount needed at the valuation date, such that after receiving expected interest, the payments are covered.

For the defined benefit schemes, the cost of providing benefits is determined using the projected unit credit method, with full actuarial valuations being carried out at least every three years and updates to these valuations carried out in intervening years. The current service cost and plan administration expenses are recognised as an operating expense in the consolidated income statement.

The BTPA's share of the actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside the income statement and presented in the statement of comprehensive income.

The net interest cost is the charge in the year on the net defined benefit liability. The charge reflects the passage of time and is recognised as a finance cost in the income statement. Past service cost and credits are recognised immediately in the consolidated income statement.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation, as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

The BTPA reflects its share of the deficit in the financial statements. Further details on the retirement benefit schemes are provided in note 23.

Pension benefits are provided for Authority and BTP support staff through the Railways Pension Scheme British Transport Police Shared Cost Section. 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. Whilst it is a shared cost pension arrangement the Authority choose to account for assets and liabilities in full.

## 2.20 Reserves

The BTPA 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
- An Income and Expenditure Reserve

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

## 2.21 Grant in aid

Grant in aid received from DfT is recognised on a cash basis through the statement of changes in taxpayers equity (SoCTE) directly because it is considered to be a controlling party. Contribution and capital grants are also recognised immediately except where the funder imposes a condition. This treatment is in accordance with IAS 20 as interpreted by FReM.

### 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. Furthermore, IFRS15 requires judgement to ascertain when the performance obligations are met.

### 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;
- Pension assets – as a result of the valuation of property, private equity and non-exchange-traded pooled investment vehicle assets. See further detail at the end of Note 23 for sensitivity of these valuations;
- 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;
- Provisions – as a result of future outcome of litigation, cases, disputes, and other rent reviews. Any increase in the estimates for these items would increase liabilities and expenditure;
- Impairment of receivables using expected loss model – 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 Headquarters, 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. Furthermore, assets and liabilities are not analysed in this way due to them not being reported internally on a segmental basis.

	2021/22	2020/21
	£'000	£'000
<b>Divisions</b>		
B Division	74,556	80,806
C Division	44,361	47,437
D Division	10,410	10,645
Remaining overheads	290,922	234,057
<b>Total expenditure before finance expenses</b>	<b>420,249</b>	<b>372,945</b>

## 6. Income

	2021/22	2020/21
	£'000	£'000
<b>Police Service Agreement income</b>	<b>234,228</b>	<b>230,052</b>
<b>Other income</b>		
London Underground Agreement income	72,886	71,426
Enhanced Police Service Agreement income <sup>1</sup>	13,800	12,346
Smaller funding agreements	1,585	760
Other income <sup>2</sup>	8,247	4,880
Capital funding	377	374
<b>Sub-total</b>	<b>96,895</b>	<b>89,786</b>
<b>Total</b>	<b>331,123</b>	<b>319,838</b>

The British Transport Police Authority operates a number of operating income streams. The amounts disclosed above are incurred as performance obligations have been met. The income streams 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 as 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.

In addition, BTP also receives income from the Home Office Asset Recovery Incentivisation Scheme (ARIS) which distributes a portion of recoveries of proceeds of crime (POCA) to BTP in cases where it was the investigating authority. This funding is treated under IAS 20.12 as a grant, which is recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

<sup>1</sup> County Lines income has been reclassified from EPSA to other income of £4.3m (2020-21: £3.8m).

<sup>2</sup> Increase in other income is mainly due to Climate Summit COP 26 (£1.1m), Safer Streets funding (£0.2m) and other funding for specific operations (£2m).



## 7. Staff numbers and related costs (Audited)

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

	2021/22			2020/21
	Permanently employed staff £'000	Other staff £'000	Total £'000	Total £'000
<b>Total staff costs consist of:</b>				
Salaries and wages	208,966	1,105	210,071	210,896
Social security costs	20,357	–	20,357	20,157
Other pension costs <sup>3</sup>	113,826	–	113,826	69,145
<b>Sub-total</b>	<b>343,150</b>	<b>1,105</b>	<b>344,255</b>	<b>300,198</b>
Less recoveries in respect of outward secondments	(1,031)	–	(1,031)	(1,028)
<b>Total net costs</b>	<b>342,119</b>	<b>1,105</b>	<b>343,223</b>	<b>299,170</b>

3 Other pension costs have increased as a result of the IAS19 pension current service cost. This has largely increased due to increases in inflation assumptions since the previous accounting period. This will lead to higher expected salary increases, and higher pension increases, and so the expected future payments have increased since the previous accounting period.

## 8. Other expenditure

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

		2021/22	2020/21
	Note	£'000	£'000
Staff related costs		3,829	4,355
Communications and computers		17,885	16,613
Operational expenses		3,327	4,109
Administrative expenses		1,761	1,661
Professional services		2,090	1,733
Legal and Insurance		3,363	1,551
Equipment purchases		2,399	2,729
Rentals under operating leases		5,460	4,778
Premises (excluding rentals under operating leases)		12,031	11,864
Transport costs		6,759	5,688
Other <sup>4</sup>		(40)	(79)
<b>Other expenditure</b>		<b>58,864</b>	<b>55,002</b>
Depreciation of property, plant and equipment	9	12,325	11,316
Depreciation of right-of-use assets	9	3,991	4,905
Amortisation of intangible assets	10	1,846	2,552
<b>Depreciation and amortisation</b>		<b>18,162</b>	<b>18,773</b>
<b>Finance expense</b>		<b>734</b>	<b>476</b>
<b>Total</b>		<b>77,760</b>	<b>74,251</b>

During the year the Authority did not purchase any non-audit services from its auditor the Comptroller and Auditor General. Included in "Professional services" is the audit fee of £127k for auditor's remuneration for audit work related to 2021/22 (2020/21: £120k).

<sup>4</sup> Included within "Other" is (profit)/loss on disposal of assets of £144k profit (2020/21: £146k profit) and donation expense of £12k relating to body armours donated by the Authority to Ukraine and Moldova. The remainder of the balance is made up of sundry items.

## 9. Property, plant and equipment

	Leasehold improvements	Plant and machinery	Motor Vehicles	Assets under construction – Motor Vehicles	Assets under construction – Other	Right-of-Use Assets	Fixtures and fittings	IT equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>									
<b>As at 1 April 2021</b>	45,495	17,852	16,307	1,527	4,490	27,223	3,859	47,136	163,889
Additions	5,766	106	1,118	2,503	5,786	7,675	72	7,523	30,549
Adjustments <sup>1</sup>	–	–	–	–	–	5,741	–	–	5,741
Disposals	(9)	(213)	(2,106)	–	–	(326)	–	(2)	(2,656)
Derecognition	(2,712)	(1)	–	–	(75)	–	–	(3)	(2,791)
Revaluations	2,050	165	447	–	–	–	41	1,167	3,870
Reclassifications	1,733	14	1,242	(1,242)	(4,314)	–	28	2,539	0
<b>As at 31 March 2022</b>	<b>52,323</b>	<b>17,923</b>	<b>17,008</b>	<b>2,788</b>	<b>5,887</b>	<b>40,313</b>	<b>4,000</b>	<b>58,360</b>	<b>198,602</b>
<b>Depreciation</b>									
<b>As at 1 April 2021</b>	30,350	15,825	10,572	–	–	8,038	3,189	31,746	99,720
Charged in year	3,209	747	1,956	–	–	3,991	161	5,693	15,755
Disposals	(18)	(165)	(2,028)	–	–	–	–	(1)	(2,212)
Derecognition	(2,636)	(1)	–	–	–	–	–	(3)	(2,640)
Revaluations	224	79	91	–	–	–	12	155	561
Reclassifications	–	–	–	–	–	–	–	–	0
<b>As at 31 March 2022</b>	<b>31,129</b>	<b>16,485</b>	<b>10,591</b>	<b>–</b>	<b>–</b>	<b>12,029</b>	<b>3,362</b>	<b>37,590</b>	<b>111,184</b>
<b>Carrying amount as at 31 March 2022</b>	<b>21,194</b>	<b>1,438</b>	<b>6,417</b>	<b>2,788</b>	<b>5,887</b>	<b>28,284</b>	<b>638</b>	<b>20,770</b>	<b>87,417</b>

With the exception of right of use assets which reflect the benefits arising under leases held by BTP, all assets are owned.

<sup>1</sup> Right of use asset adjustment relates to a prior year lease term variation ending the Brewery Road lease increasing 21 years. The effect of this has increased gross up the ROU asset and associated liability by £6.0 million, with an impact of the I&E of £0.3 million recognised in 2021-22.

## 9. Property, plant and equipment

	Leasehold improvements	Plant and machinery	Motor Vehicles	Assets under construction – Motor Vehicles	Assets under construction – Other	Right-of-Use Assets	Fixtures and fittings	IT equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>									
<b>As at 1 April 2020</b>	44,110	17,095	16,668	683	3,889	23,960	3,185	39,360	148,950
Additions	964	391	1,402	1,527	4,419	1,723	655	4,954	16,035
Adjustments	–	–	–	–	–	1,648	–	–	1,648
Disposals	(4)	–	(2,503)	–	–	(108)	–	–	(2,615)
Derecognition	(476)	–	–	(2)	(114)	–	–	(4)	(596)
Revaluations	265	30	59	–	–	–	1	112	467
Reclassifications	636	336	681	(681)	(3,704)	–	18	2,714	–
<b>As at 31 March 2021</b>	<b>45,495</b>	<b>17,852</b>	<b>16,307</b>	<b>1,527</b>	<b>4,490</b>	<b>27,223</b>	<b>3,859</b>	<b>47,136</b>	<b>163,889</b>
<b>Depreciation</b>									
<b>As at 1 April 2020</b>	<b>27,697</b>	<b>14,193</b>	<b>10,888</b>	<b>–</b>	<b>–</b>	<b>3,209</b>	<b>3,059</b>	<b>27,429</b>	<b>86,475</b>
Charged in year	2,903	1,541	2,017	–	–	4,905	116	4,153	15,635
Disposals	(3)	–	(2,432)	–	–	(76)	–	–	(2,511)
Derecognition	(463)	–	–	–	–	–	–	(2)	(465)
Revaluations	216	91	99	–	–	–	14	166	586
Reclassifications	–	–	–	–	–	–	–	–	–
<b>As at 31 March 2021</b>	<b>30,350</b>	<b>15,825</b>	<b>10,572</b>	<b>–</b>	<b>–</b>	<b>8,038</b>	<b>3,189</b>	<b>31,746</b>	<b>99,720</b>
<b>Carrying amount as at 31 March 2021</b>	<b>15,145</b>	<b>2,027</b>	<b>5,735</b>	<b>1,527</b>	<b>4,490</b>	<b>19,185</b>	<b>670</b>	<b>15,390</b>	<b>64,169</b>

With the exception of right of use assets which reflect the benefits arising under leases held by BTP, all assets are owned.



## 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
<b>Cost</b>						
As at 1 April 2021	7,231	14,262	4,251	347	170	26,261
Additions	82	358	–	–	69	509
Derecognition	–	–	–	–	–	–
Revaluations	75	149	–	1	–	225
Reclassifications	159	13	–	–	(172)	–
As at 31 March 2022	7,547	14,782	4,251	348	67	26,995
<b>Amortisation</b>						
As at 1 April 2021	6,395	11,755	4,248	342	–	22,740
Charged in year	395	1,445	2	4	–	1,846
Derecognition	–	–	–	–	–	–
Revaluations	–	–	–	–	–	–
Reclassifications	–	–	–	–	–	–
As at 31 March 2022	6,790	13,200	4,250	346	–	24,586
Carrying amount as at 31 March 2022	757	1,582	1	2	67	2,409

With the exception of right of use assets which reflect the benefits arising under leases held by BTP, all assets are owned.

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

**Cost**

<b>As at 1 April 2020</b>	7,186	13,068	4,251	347	904	25,756
Additions	26	232	–	–	170	428
Derecognition	–	–	–	–	–	–
Revaluations	19	58	–	–	–	77
Reclassifications	–	904	–	–	(904)	–
<b>As at 31 March 2021</b>	<b>7,231</b>	<b>14,262</b>	<b>4,251</b>	<b>347</b>	<b>170</b>	<b>26,261</b>

**Amortisation**

<b>As at 1 April 2020</b>	5,781	9,839	4,249	319	–	20,188
Charged in year	614	1,916	(1)	23	–	2,552
Derecognition	–	–	–	–	–	–
Revaluations	–	–	–	–	–	–
Reclassifications	–	–	–	–	–	–
<b>As at 31 March 2021</b>	<b>6,395</b>	<b>11,755</b>	<b>4,248</b>	<b>342</b>	<b>–</b>	<b>22,740</b>

<b>Carrying amount as at 31 March 2021</b>	<b>836</b>	<b>2,507</b>	<b>3</b>	<b>5</b>	<b>170</b>	<b>3,521</b>
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With the exception of right of use assets which reflect the benefits arising under leases held by BTP, all assets are owned.

## 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), and Network Rail contracts, 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 and credit risk

The Authority's net income and capital resource requirements are financed by resources from the PSA holders and other Government bodies. Therefore the Authority is not exposed to significant liquidity risks. Credit risk has not significantly increased from the financial distress on the train operators as a result of COVID-19 due to emergency measures agreements in place which passed cost and revenue risk for the majority of operators to DfT. BTP did not have any long-term financial instruments during the year.

### 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.

IFRS 9 Financial Instruments was adopted for the first time in 2018-19. Adoption has had no impact on the accounts since. While classifications have been renamed, underlying approaches to measurement for financial assets and liabilities held by the Fund are unchanged. Other than cash, these principally represent receivables and payables, all of which are short-term instruments held in the normal course of the BTP's operations with negligible divergence between their carrying values and fair values.

### Fair values

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

	2021/22		2020/21	
	Book Value	Fair Value	Book Value	Fair Value
	£'000	£'000	£'000	£'000
<b>Primary financial instruments</b>				
<b>Financial assets</b>				
Cash at bank	53,331	53,331	36,571	36,571
Trade receivables	3,186	3,186	13,482	13,482
<b>Total</b>	<b>56,517</b>	<b>56,517</b>	<b>50,053</b>	<b>50,053</b>
<b>Financial liabilities</b>				
VAT payable	1,997	1,997	1,011	1,011
Other taxation and social security payables	3,191	3,191	3,095	3,095
Trade payables	928	928	4,736	4,736
<b>Total</b>	<b>6,116</b>	<b>6,116</b>	<b>8,842</b>	<b>8,842</b>

**12. Inventories**

	2021/22	2020/21
	£'000	£'000
<b>Uniform and related items</b>		
Opening balance	67	48
Additions	641	952
Utilisations	(719)	(933)
Provision	–	–
Adjustment	386	–
<b>Closing balance</b>	<b>375</b>	<b>67</b>

During the year, the value of inventories increased by £308k to £375k (2020/21: £67k) which is in line with the total actual stock balance as at 31st March 2022 per the Stock Report provided by DHL. The adjustment balance of £386k represents an adjustment to reverse historic provision which was fully utilised in the prior year. There is no provision recognised in 2021/22 and 2020/21.

**13. Trade receivables and other assets**

	2021/22	2020/21
	£'000	£'000
<b>Amounts falling due within one year</b>		
Trade receivables – contracts with customers	3,186	13,482
Trade receivables – other	–	–
Other receivables	548	743
Prepayments and accrued income	6,807	7,059
Less: Impairment of receivables using expected loss model	(24)	–
<b>Total</b>	<b>10,517</b>	<b>21,284</b>
<b>Amounts in the above figures due from other entities included in the whole of government account</b>		
Other central government bodies	3,164	1,710
Local authorities	1,359	12,264
Public corporations and trading funds	–	–
<b>Intra-government debtors</b>	<b>4,523</b>	<b>13,974</b>
Bodies external to government	5,994	7,310
<b>Total</b>	<b>10,517</b>	<b>21,284</b>

A provision of £24k has been made against an element of debt where recovery is doubtful. No provision was held in 2020/21.



## 14. Cash and cash equivalents

	2021/22	2020/21
	£'000	£'000
<b>Balance at 1 April</b>	<b>36,571</b>	<b>39,093</b>
Net change in cash and cash equivalent balances	16,760	(2,522)
<b>Balance at 31 March</b>	<b>53,331</b>	<b>36,571</b>
<b>The following balances at 31 March were held at</b>		
Government banking service	105	106
Commercial banks and cash in hand	53,226	36,465
<b>Balance at 31 March</b>	<b>53,331</b>	<b>36,571</b>

## 15. Trade payables and other liabilities

	2021/22	2020/21
	£'000	£'000
<b>Amounts falling due within one year</b>		
VAT payable	1,997	1,011
Other taxation and social security payables	3,191	3,095
Trade payables	928	4,736
Other payables	2,673	1,749
Lease liabilities – right-of-use assets	3,596	3,959
Accruals <sup>1</sup>	42,809	37,258
Deferred income – contracts with customers	–	10
<b>Total</b>	<b>55,194</b>	<b>51,818</b>
<b>Amounts falling due after more than one year</b>		
Other payables, accruals and deferred income	29	34
Lease liabilities – right-of-use assets	25,481	15,702
<b>Total</b>	<b>80,704</b>	<b>67,554</b>
<b>Amounts in the above figures due to other entities included in the whole of government account</b>		
Other central government bodies	7,368	6,004
Local authorities	3,676	2,495
NHS Bodies	220	250
Public corporations and trading funds	(3)	7
<b>Intra-government payables and liabilities</b>	<b>11,261</b>	<b>8,756</b>
Bodies external to government	69,443	58,798
<b>Total</b>	<b>80,704</b>	<b>67,554</b>

1 The accruals balance includes an accrual for employee annual leave entitlements not yet used. As a result of the COVID-19 pandemic, all employees were permitted to carry over up to 20 days of leave for the calendar year 2021 and 2022. The standard policy of maximum carry over of 5 days will resume on 01 January 2023.

## 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. These provisions have been classified as current as they are expected to be realised within the 2021/22 financial period.

	Claims against the Authority	Employment tribunals	Dilapidations	Other provisions	Total
	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 April 2020</b>	<b>1,979</b>	<b>107</b>	<b>2,182</b>	<b>3,012</b>	<b>7,280</b>
Provided in the year	2,193	240	(53)	4,551	6,931
Provisions utilised during the year	(879)	(149)	–	(2,264)	(3,292)
Provisions written back in the year	(1,775)	(76)	–	(2,692)	(4,543)
<b>Balance at 31 March 2021</b>	<b>1,518</b>	<b>122</b>	<b>2,129</b>	<b>2,607</b>	<b>6,376</b>
Provided in the year	2,020	230	(2)	2,947	5,195
Provisions utilised during the year	(832)	(57)	–	(1,861)	(2,750)
Provisions written back during the year	(877)	(210)	–	(382)	(1,469)
<b>Balance at 31 March 2022</b>	<b>1,829</b>	<b>85</b>	<b>2,127</b>	<b>3,311</b>	<b>7,352</b>

### Claims against the Authority

This provision applies to claims made by employees of the BTPA and members of the public, which were allegedly caused by the BTP or BTPA'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 redundancies.

## 17. Contingent Liabilities

There are currently on-going negotiations with HMRC regarding the treatment of staff travel benefits recorded on historical and current P11D submissions. The maximum cost of this issue to the Authority is estimated to be £350,000. Using the information present at the time of signing the Financial Statements, and having considered legal advice, the Authority concluded on the balance of probabilities no outflow will occur as a result of this issue. If this assumption changes by subsequent events, the Authority does not consider its exposure to be material.

A contingent liability exists with regards to additional categories of employee claims with respect to Police Overtime Claims Litigation, Category 1, claims by CHIS Handlers/ Controller DC KSO and others v the Commissioner of the Metropolitan Police and Others. Using information present at the time, and that no evidence of completed cases for these categories of claim exist across the country, the Authority has concluded that on the balance of probabilities a liability for the future settlement of these types of claims does not exist.

A contingent liability is in place regarding future claims following the conclusion of the Manchester Arena Inquiry. Potential claims are stayed until the conclusion of the Inquiry, at which point an estimate of maximum liability can be assessed.

A remedy has been implemented on 1st April 2022 following the Court of Appeal ruling that the transitional protection applied to public service pension schemes was discriminatory. Home Office police forces will taper all officers into the 2015 scheme and officers with CARE benefits pre 1st April 2022 will have CARE benefits shown as moved back into legacy schemes. This remedy may attract certain transferees from Home Office forces to BTP. As a result, additional backdated costs may be required to reflect this remedy. At this stage it is too early to ascertain a reasonable estimate of costs, however early estimates assume a cost of £0.65 million.

At the point of signing the Financial Statements the 2018 actuarial valuation of the BTPFSF (Officer Pension Scheme) has not yet been finalised. Discussions continue with The Pensions Regulator and DfT regarding assumptions made by the Trustee.

The Authority acknowledges potential future claims relating to an ongoing legal case. A maximum cost of £375,000 for further costs and damages has been estimated.

## 18. Capital commitments

As at 31 March 2022 the Authority had the following capital commitments:

	2021/22	2020/21
	£'000	£'000
Estates	64	30
Technology	355	240
Fleet	1,995	1,995
Other	34	5
<b>Total BTP capital commitments</b>	<b>2,448</b>	<b>2,270</b>

## 19. Commitments under leases

Total future minimum lease payments under short term leases are given in the table below for each of the following periods<sup>1</sup>:

Short term leases not recognised under IFRS 16:	2021/22	2020/21
	£'000	£'000
<b>Buildings</b>		
Not later than one year	3,844	3,363
Later than one year and not later than five years	9,603	10,114
Later than 5 years	12,994	9,511
<b>Total short term leases</b>	<b>26,441</b>	<b>22,988</b>

Total future minimum lease payments under right-of-use assets are given in the table below for each of the following periods:

Right-of-use liabilities for the following periods comprise	2021/22	2020/21
	£'000	£'000
<b>Buildings</b>		
Not later than one year	3,596	3,922
Later than one year and not later than five years	10,766	9,220
Later than 5 years	14,716	6,520
<b>Total right-of-use liabilities</b>	<b>29,077</b>	<b>19,662</b>

The following table provides a reconciliation between the opening and closing position of IFRS 16 lease liabilities:

	2021/22	2020/21
	£'000	£'000
Opening IFRS 16 lease liability	19,662	20,406
Lease liability additions <sup>2</sup>	13,205	3,358
Lease liability disposals	(328)	–
Lease repayments	(4,193)	(4,902)
Finance charge	731	476
Peppercorn lease liability moved to reserves	–	324
<b>Closing IFRS 16 lease liability</b>	<b>29,077</b>	<b>19,662</b>

<sup>1</sup> These leases are considered short-term on the grounds the contracts are no longer enforceable as both BTP and the lessor have the right to terminate the contract with a notice period of 12 months or less.

<sup>2</sup> Within Lease liability additions there is an adjustment of £5.741m relating to Brewery Road. See note 9 for further detail.



## 20. 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	2021/22	2020/21
	£'000	£'000
Not later than one year	6,042	6,637
Later than one year and not later than five years	181	5,116
Later than 5 years	–	–
<b>Total financial commitments</b>	<b>6,223</b>	<b>11,753</b>

## 21. 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 BTPA has had the following material transactions with the Department and with other entities for which the Department is regarded as the parent Department:

BTPA was not invoiced for any costs by DfT in 2021/22 (£nil in 2020/21) and there were no outstanding balances at year end (£nil in 2020/21). BTPA was provided a grant in aid by DfT of £13,149k and invoiced £39k by the Authority in 2021/22 (£6,507k in 2020/21) and no amounts were outstanding at year end (£nil in 2020/21).

In addition, the BTPA has had a number of transactions with other government departments and other central government bodies. Most of these transactions have been with Network Rail; DfT is a controlling party of both BTPA and Network Rail. The Authority was invoiced for £1,634k (£1,165k in 2020/21) by Network Rail in 2021/22 and as at 31 March 2022 there was £nil outstanding (£171k at 31 March 2021). Network Rail was invoiced by the Authority for £98,128k in 2021/22 (£99,786k in 2020/21) and as at 31 March 2022 £1,376k was outstanding (£770k at 31 March 2021). All these amounts are payable and receivable within 30 days and not subject to interest.

All Chief Constables are members of the Board of the National Police Chief's Council. The BTPA was invoiced £46k in 2021/22 (£42k in 2020/21) and there were no outstanding balances at year end (£nil in 2020/21).

Lucy D'Orsi was seconded from the Metropolitan Police Service until 19th January 2022. The Authority invoiced the Metropolitan Police Service £606k in the current financial year (£320k in 2020/21) and at 31 March 2022 £79k was outstanding (£7k in 2020/21). The Metropolitan Police Service has invoiced the Authority for £489k in the current financial year (£541k in 2020/21) and at 31 March 2022 £1k was outstanding (£nil in 2020/21).

Due to the BTP's status as a national Police Force, the Authority often transacts with the Home Office. The Home Office is therefore regarded as a related party. The Authority invoiced the Home Office £4,326k in the current financial year (£3,850k in 2020/21). At 31 March 2022 £11k was outstanding (£nil at 31 March 2021). The Home Office has invoiced the Authority for £1,706k (£1,526k in 2020/21) in the current financial year. At 31 March 2022, no amounts were outstanding (£1k at 31 March 2021). All these amounts are payable and receivable within 30 days and not subject to interest.

The corporate governance arrangements of the Authority require members and senior Authority Officers to register financial and other interests and also to disclose personal or prejudicial interests where matters are discussed at meetings of the Authority. These interests are disclosed below:

Fiona Brunskill is the Director of People and Cultural Change at Transport for London. In the course of the year, the Authority invoiced TfL for £80,293k (£75,534k in 2020/21) and was invoiced by TfL for £36k (£nil in 2020/21). As at 31 March 2022, no amounts were due from TfL (£11,069k at 31 March 2021). All these amounts are payable and receivable within 30 days and not subject to interest. For disclosure purposes, transactions with London Underground Limited have been included in these values.

Dominic Booth is the Managing Director at Abellio Group UK. In the course of the year, the Authority invoiced Abellio Group UK for £36,978k (£36,565k in 2020/21) and was invoiced by Abellio Group UK for £118k (£93k in 2020/21). As at 31 March 2022, £15k was due from Abellio Group UK (£1k in 2020/21). As at 31 March 2022, £5k was due to Abellio Group UK (£23k in 2020/21). All of these amounts are payable and receivable within 30 days and not subject to interest.

Dominic Booth is a Director at Rail Delivery Group Limited. In the course of the year, the Authority invoiced Rail Delivery Group for £22k (£70k in 2020/21) and no amounts were invoiced by Rail Delivery Group (£24k in 2020/21). As at 31 March 2022, £2k was due from Rail Delivery Group (£6k in 2020/21). As at 31 March 2022, no amounts were due to Rail Delivery Group (£nil in 2020/21). All of these amounts are payable and receivable within 30 days and not subject to interest.

Stewart Jackson is the HS2 independent Residents' Commissioner for the Department for Transport and Mike Gallop is a Route Director for Network Rail. Please see above for details of the transactions and balances with the Department for Transport and Network Rail. In the course of the year, the Authority invoiced HS2 for £487k (£348k in 2020/21) and no amounts were invoiced by HS2 (£nil in 2020/21). As at 31 March 2022, £65k was due from HS2 (£124k in 2020). As at 31 March 2022, no amounts were due to HS2 (£nil in 2020/21). All of these amounts are payable and receivable within 30 days and not subject to interest.

Feisel Khan is a non-executive director and Chair of Audit for the Driver and Vehicle Standards Agency (DVSA). The BTPA was invoiced £nil in 2021/22 (£1k in 2020/21) and there were no outstanding balances at year end (£nil in 2020/21). All of these amounts are payable and receivable within 30 days and not subject to interest.

## 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
	Retained earnings	Revaluation reserve	Pension reserve	
	£'000	£'000	£'000	£'000
<b>Opening balance at 1 April 2020</b>	49,479	5,261	(579,327)	(524,587)
IFRS 16 adjustments after transition	(315)	–	–	(315)
Gains/(losses) on revaluation of assets	–	544	–	544
Actuarial gain/(loss)	–	–	(403,309)	(403,309)
Comprehensive income for the year	(66,622)	–	–	(66,622)
Reclassification	338	–	–	338
Transfer between reserves	57,076	(586)	(56,490)	–
DfT Grant funding recognised	6,507.00	–	–	6,507
<b>Balance at 31 March 2021</b>	<b>46,463</b>	<b>5,219</b>	<b>(1,039,126)</b>	<b>(987,444)</b>

	Distributable reserves	Undistributable reserves		Total
	Retained earnings	Revaluation reserve	Pension reserve	
	£'000	£'000	£'000	£'000
<b>Opening balance at 1 April 2021</b>	46,463	5,219	(1,039,126)	(987,444)
Gains/(losses) on revaluation of assets	–	4,094	–	4,094
Actuarial gain/(loss)	–	–	233,190	233,190
Comprehensive income for the year	(109,883)	–	–	(109,883)
Reclassification	381	–	–	381
Transfer between reserves	107,130	(560)	(106,570)	–
DfT Grant funding recognised <sup>3</sup>	13,149	–	–	13,149
<b>Closing balance at 31 March 2022</b>	<b>57,240</b>	<b>8,753</b>	<b>(912,506)</b>	<b>(846,513)</b>

### Retained earnings/Distributable reserves

The Retained earnings reserves represent the BTPA'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 historical 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 and net interests are reflected in the SoCI and the total net pension liabilities for all staff, past and present, are shown in the SoFP, 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 PSAs with the Authority.

The fund participates in two pension schemes, both of which are the direct responsibility of the Authority. In addition, Railpen have a role in relation to the management and administration of the scheme. The officer pension scheme, British Transport Police Force Superannuation Fund (BTPFSF), consists of two sections where members are entitled to final salary benefits and one further section where members are entitled to benefits based on career average earnings. The duration of the scheme is 20 years. Other staff may join the British Transport Police Section of the Railways Pension Scheme (RPS)

<sup>3</sup> This is a grant in aid provided by DfT (controlling party) in order to fund Baskerville House and Estates remedial works (£10.081m) and Covid funding agreed in FY 20/21 received in FY 21/22 (£3.068).

which provides members with benefits based on final salary. The scheme duration is 29 years. As at the reporting date the Authority is in consultation to close this section of the RPS scheme and open a new defined contribution section. Both schemes cover past and present employees, and aim to be fully funded.

The 2019 actuarial valuation of the BTP section of the RPS scheme has been finalised and reports a long term funding shortfall of £6.3m. The Authority has agreed to meet the shortfall through lump sum payments of £1.27m on or before each 1 July from 2021 to 2026 inclusive. Contribution rates will increase to the future service joint contribution rate; with the share of this increase having been met by the Authority until 01 April 2022. These actions will ensure the section is sufficiently funded for future requirements. This shortfall does not affect the IFRS measurement of the liability.

The 2018 actuarial valuation of the BTPFSF has not yet been finalised. Discussions continue with The Pensions Regulator and DfT regarding assumptions made by the Trustee.

The impact of COVID-19 on the pension scheme valuations has been considered in the current financial year. Further detail on this is covered at the end of this report. Market volatility which has occurred around recent year-ends has also been assessed to ensure accurate valuation of assets.

BTPA are in the process of obtaining approval to implement a new defined contribution scheme for new entrants offering a choice of contribution rates. The current BTP section of the Railway Pension Scheme will remain open to new entrants until approval is received. The section will be closed to new entrants upon confirmation of approval.

The Authority have engaged corporate actuary XPS to support the the choice of financial assumptions as well as supporting the IAS 19 technical calculations used in completing the following disclosure.

The net position of the schemes at 31 March 2022 were as follows:

	2021/22	2020/21
	£'000	£'000
<b>Net pension liabilities</b>		
British Transport Police Force Superannuation Fund	(727,711)	(846,396)
British Transport Police Section of the Railways Pension Scheme	(184,798)	(192,729)
	<b>(912,510)</b>	<b>(1,039,125)</b>

The amounts recognised in the SoCI are as follows<sup>4</sup>:

<b>Pension costs reflected in the SoCI</b>		
Current Service Cost – BTPFSF	86,710	49,610
Current Service Cost – RPS	23,290	15,430
Administrative expenses and taxes – BTPFSF	2,660	2,620
Administrative expenses and taxes – RPS	1,090	820
	<b>113,750</b>	<b>68,480</b>

<sup>4</sup> 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.



**IAS19 interest reflected in the SoCI**

Net Interest – BTPFSF	16,350	10,860
Net Interest – RPS	3,680	2,230
	20,030	13,090
<b>Total amount recognised in the SoCI</b>	<b>133,780</b>	<b>81,570</b>

**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.

	Note	2021/22 £'000	2020/21 £'000
<b>BTPFSF</b>			
Current service cost	23D	86,710	49,610
Administrative expenses and taxes	23D	2,660	2,620
		89,370	52,230
<b>RPS</b>			
Current service cost	23D	23,290	15,430
Administrative expenses and taxes	23D	1,090	820
		24,380	16,250
<b>Total I&amp;E expenses</b>		<b>113,750</b>	<b>68,480</b>
<b>Less employer contributions</b>			
– Employer contributions BTPFSF	23B	19,120	18,990
– Employer contributions RPS (including BRASS <sup>5</sup> matching)	23B	8,090	6,090
<b>Total employer contributions</b>		<b>27,210</b>	<b>25,080</b>
<b>Total IAS 19 pension adjustment reported in the SoCF</b>		<b>86,540</b>	<b>43,400</b>

5 British Rail Additional Superannuation Scheme (BRASS).

## British Transport Police Force Superannuation Fund

### A. Change in defined benefit obligation

	2021/22	2020/21
	£'000	£'000
Defined benefit obligation at end of the prior year	2,418,447	1,818,637
Current service cost	86,710	49,610
Interest expense	46,730	41,340
<b>Cash flows</b>		
– Benefits payments from plan	(57,130)	(55,730)
– Participant contributions	12,760	12,640
<b>Remeasurements</b>		
– Effect of changes in financial assumptions	(101,070)	579,860
– Effect on changes in demographic assumptions	(2,040)	(1,800)
– Effect of experience adjustments	8,965	(26,110)
<b>Defined benefit obligation at end of year</b>	<b>2,413,372</b>	<b>2,418,447</b>

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

	2021/22	2020/21
	£'000	£'000
Fair value of plan assets at end of the prior year	1,572,051	1,338,770
Interest Income	30,380	30,480
<b>Cash flows</b>		
– Employer contributions	19,120	18,990
– Government support payments	–	–
– Participant contributions	12,760	12,640
– Benefits payments from plan	(57,130)	(55,730)
– Administrative expenses paid from plan assets	(2,660)	(2,620)
Return on plan assets (excluding interest income)	111,140	229,521
<b>Fair value of plan assets at end of year</b>	<b>1,685,661</b>	<b>1,572,051</b>

**C. Amounts recognised in the SoFP**

	2021/22	2020/21
	£'000	£'000
Defined benefit obligation	2,413,372	2,418,447
Fair value of plan assets	(1,685,661)	(1,572,051)
<b>Net liability</b>	<b>727,711</b>	<b>846,396</b>

**D. Components of defined benefit cost**

	2021/22	2020/21
	£'000	£'000
<b>Service Cost</b>		
– Current service cost	86,710	49,610
<b>Total service cost</b>	<b>86,710</b>	<b>49,610</b>
<b>Net interest cost</b>		
– interest expense on defined benefit obligation	46,730	41,340
– interest (income) on plan assets	(30,380)	(30,480)
<b>Total net interest cost</b>	<b>16,350</b>	<b>10,860</b>
Administrative expenses and taxes	2,660	2,620
<b>Defined benefit cost included in the SoCI</b>	<b>105,720</b>	<b>63,090</b>
<b>Remeasurements (recognised in OCI)</b>		
– Effect on changes in demographic assumptions	(2,040)	(1,800)
– Effect of changes in financial assumptions	(101,070)	579,860
– Effect of experience adjustments	8,965	(26,110)
– Return on plan assets (excluding interest income)	(111,140)	(229,521)
<b>Total remeasurements included in OCI</b>	<b>(205,285)</b>	<b>322,429</b>
<b>Total defined benefit cost recognised in SoCI and OCI</b>	<b>(99,565)</b>	<b>385,519</b>

The Authority expects the service cost for the year ending 31 March 2023 to be £81.91 million (31 March 2022: £86.71 million).

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

	2021/22	2020/21
	£'000	£'000
Opening net defined benefit liability (asset)	846,396	479,867
Defined benefit cost included in the SoCI	105,720	63,090
Total remeasurements included in OCI	(205,285)	322,429
Employer contributions	(19,120)	(18,990)
<b>Net defined benefit liability (asset) as of end of year</b>	<b>727,711</b>	<b>846,396</b>

The liability has decreased from 2020/21, primarily based on the increase in discount rate as detailed in note 23H.

**F. Defined benefit obligation**

Defined benefit obligation by participant status	2021/22	2020/21
	£'000	£'000
– Actives	1,182,571	1,111,080
– Vested deferreds	159,216	168,460
– Retirees	1,071,585	1,138,907
<b>Total</b>	<b>2,413,372</b>	<b>2,418,447</b>

**G. Analysis of scheme assets****Unitisation**

The asset values disclosed reflect BTPA's exposure to underlying asset classes through holdings of units of the pooled funds in which the underlying assets are held. Underlying assets are managed by the pension administrator, Railpen and the control over economic benefits for BTPA's established through the unitisation of those funds. The table overleaf has been used to illustrate the underlying assets proportional to BTPA's unit holdings in various pooled funds, and their position in the fair value hierarchy of the underlying assets. Level 1 and 2 assets include diversified Exchange Traded Funds valued at open trading prices; the Level 3 assets include property, private equity and non-exchange-traded Pooled Investment Vehicles equity. This is discussed overleaf and relates to illiquid direct property and equity held directly within RPMI pooled funds.

British Transport Police Force Superannuation Fund	2021/22				2020/21
	Fair value Level 1	Level 2	Level 2	Total	Total
	£ million	£ million	£ million	£ million	£ million
Private equity and non-exchange -traded Pooled Investment Vehicles	–	–	458.67	458.67	468.18
Equities	826.44	–	34.04	860.48	654.56
Cash and current assets	125.54	–	–	125.54	177.93
Fixed Interest Securities	56.64	7.97	4.41	69.02	74.44
Index Linked Securities	75.86	1.03	–	76.89	82.09
Derivatives – Future	(0.07)	–	–	(0.07)	1.15
Derivatives – FX Contracts	–	–	–	–	–
UK Property	–	–	21.89	21.89	100.60
Pooled Investment Vehicles	–	73.23	–	73.23	6.51
Other	–	–	–	–	6.59
<b>Fair value of plan assets</b>	<b>1,084.41</b>	<b>82.23</b>	<b>519.01</b>	<b>1,685.65</b>	<b>1,572.05</b>
<b>Present value of funded obligations</b>				<b>(2,413.37)</b>	<b>(2,418.45)</b>
<b>Net liability</b>				<b>(727.72)</b>	<b>(846.40)</b>

In 2020–21, the scheme assets included level 3 investments of £468.18m private equity and non-exchange traded Pooled Investment Vehicles, £21.37m in equities, £5.13m fixed interest securities and £100.6m in Property. The total value of level 3 investments accounted for 30.8% of the total scheme assets held. The figures in the table may not sum due to rounding.

Due to the nature of the Level 3 asset class there is inherent uncertainty in the valuation. The table below illustrates the impact of a 5% change across specific Level 3 asset classes and the total asset portfolio for each scheme.

British Transport Police Force Superannuation Fund	2021/22		
	Change in asset class value	Change in total value of plan assets	Change in deficit £ million
Private equity and non-exchange -traded Pooled Investment Vehicles	+5%	1.36%	(22.93)
	-5%	-1.36%	22.93
UK Property	+5%	0.06%	(1.09)
	-5%	-0.06%	1.09
Total plan assets	+5%	5.00%	(84.28)
	-5%	-5.00%	84.28



## H. Significant actuarial assumptions

Weighted average assumptions to determine benefit obligations	2021/22	2020/21
Discount rate	2.60%	1.95%
Rate of price inflation (RPI) <sup>^</sup>	3.50%	3.15%
Rate of price inflation (CPI) <sup>^</sup>	3.15%	2.75%
Rate of increase /(decrease) in salaries*	3.15%	2.75%
Rate of pension increase	3.15%	2.75%

\* Salary increase assumptions has remained in line with an initial best estimate of salary increases for a period of time and then in line with inflation thereafter. Therefore, allowance has been made for short term pay increases of 3.00% for each year of the 5 years following the measurement date. The inflation used after the initial period has been based on CPI over the year. This represents a change in best estimate long term increases. At both measurement dates, a promotional scale is applied in addition to the rate of salary increases shown above.

<sup>^</sup> The actuarial model uses both RPI and CPI. RPI is used to estimate price increases whilst CPI is used to estimate benefit increases. On 4 September 2019, the UK Government announced that it would consult on the UK Statistics Authority's proposals to align RPI with CPIH by 2030. On 25 November 2020, HM Treasury and the UK Statistics Authority released their joint response in relation to the consultation on the reform of the RPI methodology. This confirmed that the RPI index will be aligned with the CPIH index from February 2030, which is similar in construction and calculation to the CPI index. To reflect this, BTPA has changed the derivation of the CPI inflation assumption to be 1% p.a. lower than RPI inflation for the period up to 2030 and 0% p.a. lower than RPI inflation for the period from 2030. This leads to a single equivalent deduction of 0.35% p.a. from the RPI inflation assumption to derive the CPI inflation assumption.

The total impact of the change in RPI-CPI wedge is the sum of the inflation sensitivities for each scheme where there was a 50 basis point decrease in price inflation amounting to £263m. £214m of this relates to British Transport Police Force Superannuation Fund and £49m relates to Railway Pension Scheme.

Assumed life expectations on retirement at age 65	2021/22	2020/21
Retiring today – Males	22.3	22.3
Retiring today – Females	24.7	24.6
Retiring in 20 years time – Males	23.6	23.6
Retiring in 20 years time – Females	26.1	26.1

Expected future benefit payments from the fund, based on data from the 2019 formal valuation and the 31 March 2022 IAS 19 assumptions	2021/22	2021/22
	£ million	£ million
Benefits expected to be paid with 12 months	59.0	56.5
Benefits expected to be paid between 2 to 3 years	122.0	115.2
Benefits expected to be paid between 4 to 6 years	200.0	187.3
Benefits expected to be paid between 7 to 10 years	292.0	270.6
Benefits expected to be paid between 11 to 15 years	413.0	373.0
Benefits expected to be paid in over 15 years	3,520.0	2,912.9

## I. Sensitivity analysis

The below table shows the impact of changes to assumptions to the net pension deficit

Net liability (asset), excluding any effect of asset limit	2021/22	2020/21
	£ million	£ million
Base	727.71	846.40
<b>Discount rate</b>		
– Discount rate -25 basis points	136.74	141.04
– Assumption	2.35%	1.70%
– Discount rate +25 basis points	(126.10)	(129.85)
– Assumption	2.85%	2.20%
<b>Inflation rate</b>		
– Inflation rate -50 basis points	(213.90)	(199.60)
– Assumption	2.65%	2.25%
– Inflation rate +50 basis points	241.57	224.22
– Assumption	3.65%	3.25%
<b>Mortality</b>		
– Mortality	89.26	96.12
– Assumption	Plus one year age rating	Plus one year age rating

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

Analysis of net SoFP	£ million	Sensitivities from Base Financial Year (FY) 2022 (one item changed with all others held constant)					
	FY 2021	Base FY 2022	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.5% inflation rate	Plus 0.5% inflation rate	Mortality sensitivity
Fair value of scheme assets	1,572.05	1,685.65	1,685.65	1,685.65	1,685.65	1,685.65	1,685.65
Present value of benefit obligations	2,418.45	2,413.37	2,550.11	2,287.27	2,199.48	2,654.94	2,502.63
<b>Net liability/(asset), excluding any effect of asset limit</b>	<b>846.40</b>	<b>727.72</b>	<b>864.46</b>	<b>601.62</b>	<b>513.83</b>	<b>969.29</b>	<b>816.98</b>

Analysis of projected pension cost	£ million	Sensitivities from Base Financial Year (FY) 2022 (one item changed with all others held constant)					
	Actual FY 2022	Base FY 2023	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.5% inflation rate	Plus 0.5% inflation rate	Mortality sensitivity
Current service cost	86.71	81.91	89.75	76.85	72.54	95.51	85.45
Interest cost	46.73	62.18	59.41	64.56	56.61	68.45	64.50
Interest income on scheme assets	30.38	(43.47)	(39.29)	(47.65)	(43.47)	(43.47)	(43.47)
Administrative expenses and taxes	2.66	2.66	2.66	2.66	2.66	2.66	2.66
<b>Total pension cost before asset limit</b>	<b>166.48</b>	<b>103.28</b>	<b>112.53</b>	<b>96.42</b>	<b>88.34</b>	<b>123.15</b>	<b>109.14</b>

Actuarial assumptions	FY 2021	Base FY 2022	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.5% inflation rate	Plus 0.5% inflation rate	Mortality sensitivity
Discount rate	1.95%	2.60%	2.35%	2.85%	2.60%	2.60%	2.60%
Rate of RPI assumption	3.15%	3.50%	3.50%	3.50%	3.00%	4.00%	3.50%
Rate of CPI assumption	2.75%	3.15%	3.15%	3.15%	2.65%	3.65%	3.15%
Rate of salary increase*	2.75%	3.15%	3.15%	3.15%	2.65%*	3.65%*	3.15%
Rate of pension increase	2.75%	3.15%	3.15%	3.15%	2.65%*	3.65%*	3.15%

<b>Mortality Table</b>	In line with the actuarial valuation as at 31 December 2018 but using the 2020 CMI model with long term improvements of 1.25% p.a. and an initial addition of 0.2%	In line with the actuarial valuation as at 31 December 2018 but using the 2021 CMI model with long term improvements of 1.25% p.a. and an initial addition of 0.2%	In line with the actuarial valuation as at 31 December 2018 but using the 2021 CMI model with long term improvements of 1.25% p.a. and an initial addition of 0.2% plus a one year age rating
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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 3% for the first five 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

	2021/22	2020/21
	£'000	£'000
Defined benefit obligation at end of the prior year	410,490	274,160
Current service cost	23,290	15,430
Interest expense	7,990	6,290
<b>Cash flows</b>		
– Benefits payments from plan	(5,480)	(5,410)
– Participant contributions	4,240	4,050
<b>Remeasurements</b>		
– Effect of changes in financial assumptions	(11,140)	111,800
– Effect of experience adjustments	(511)	6,060
– Effect on changes in demographic assumptions	1,000	(1,890)
<b>Defined benefit obligation at end of year</b>	<b>429,879</b>	<b>410,490</b>

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

	2021/22	2020/21
	£'000	£'000
Fair value of plan assets at end of the prior year	217,761	174,700
Interest Income	4,310	4,060
<b>Cash flows</b>		
– Employer contribution (including BRASS matching)	8,090	6,090
– Participant contributions	4,240	4,050
– Benefits payments from plan	(5,480)	(5,410)
– Administrative expenses paid from plan assets	(1,090)	(820)
Return on plan assets (excluding interest income)	17,250	35,091
<b>Fair value of plan assets at end of year</b>	<b>245,081</b>	<b>217,761</b>

**C. Amounts recognised in the SoFP**

	2021/22	2020/21
	£'000	£'000
Defined benefit obligation	429,879	410,490
Fair value of plan assets	(245,081)	(217,761)
<b>Net liability</b>	<b>184,798</b>	<b>192,729</b>

**D. Components of defined benefit cost**

	2021/22	2020/21
	£'000	£'000
<b>Service cost</b>		
Current service cost	23,290	15,430
<b>Total service cost</b>	<b>23,290</b>	<b>15,430</b>
<b>Net interest cost</b>		
– interest expense on defined benefit obligation	7,990	6,290
– interest (income) on plan assets	(4,310)	(4,060)
<b>Total net interest cost</b>	<b>3,680</b>	<b>2,230</b>
Administrative expenses and taxes	1,090	820
<b>Defined benefit cost included in the SoCI</b>	<b>28,060</b>	<b>18,480</b>
<b>Remeasurements (recognised in OCI)</b>		
– Effect of changes in financial assumptions	(11,140)	111,800
– Effect of experience adjustments	(511)	6,060
– Return on plan assets (excluding interest income)	(17,250)	(35,091)
– Net measurement regains/(losses) – demographic	1,000	(1,890)
Effect of asset limitation and IAS minimum funding requirement	–	–
<b>Total remeasurements included in OCI</b>	<b>(27,901)</b>	<b>80,879</b>
<b>Total defined benefit cost recognised in SoCI and OCI</b>	<b>159</b>	<b>99,359</b>

The Authority expects the service cost for the year ending 31 March 2023 to be £23.60 million (31 March 2022: £23.29 million).



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

	2021/22	2020/21
	£'000	£'000
Opening net defined benefit liability (asset)	192,729	99,460
Effect of changes in demographic assumptions	28,060	18,480
Total defined benefit cost recognised in the SoCI and OCI	(27,901)	80,879
Employer contributions	(8,090)	(6,090)
<b>Net defined benefit liability (asset) as of end of year</b>	<b>184,798</b>	<b>192,729</b>

The liability has decreased from 2020/21, primarily based on the increase in discount rate and inflation rate as detailed in note 23H.

**F. Defined benefit obligation**

	2021/22	2020/21
	£'000	£'000
<b>Defined benefit obligation by participant status</b>		
– Actives	237,005	205,600
– Vested deferreds	138,667	150,080
– Retirees	54,207	54,810
<b>Total</b>	<b>429,879</b>	<b>410,490</b>

**G. Analysis of scheme assets****Unitisation**

The asset values disclosed reflect BTPA's exposure to underlying asset classes through holdings of units of the pooled funds in which the underlying assets are held. Underlying assets are managed by the pension administrator, Railpen, and the control over economic benefits for BTPA's established through the unitisation of those funds. The table overleaf has been used to illustrate the underlying assets proportional to BTPA's unit holdings in various pooled funds, and their position in the fair value hierarchy of the underlying assets. Level 1 and 2 assets include diversified Exchange Traded Funds valued at open trading prices; the Level 3 assets include property, private equity and non-exchange-traded Pooled Investment Vehicles equity. This is discussed overleaf and relates to illiquid direct property and equity held directly within Railpen pooled funds.

Railway Pension Scheme	2021/22				2020/21
	Fair value Level 1	Level 2	Level 2	Total	Total
	£ million	£ million	£ million	£ million	£ million
Private equity and non-exchange -traded Pooled Investment Vehicles	–	–	59.80	59.80	62.82
Equities	118.87	–	5.33	124.20	98.47
Cash and current assets	18.68	–	–	18.68	24.89
Fixed Interest Securities	6.56	0.69	0.34	7.59	8.43
Index Linked Securities	6.77	–	–	6.77	7.60
Derivatives – Future	(0.01)	–	–	(0.01)	0.17
Derivatives – FX Contracts	–	–	–	–	–
UK Property	–	–	17.51	17.51	14.37
Pooled Investment Vehicles	–	10.53	–	10.53	1.01
Other	–	–	–	–	–
<b>Fair value of plan assets</b>	<b>164.12</b>	<b>12.35</b>	<b>68.62</b>	<b>245.09</b>	<b>217.76</b>
<b>Present value of funded obligations</b>				<b>(429.88)</b>	<b>(410.49)</b>
<b>Net liability</b>				<b>(184.79)</b>	<b>(192.73)</b>

In 2020–21, the scheme assets included level 3 investments of £62.82m private equity and non-exchange traded pooled investment vehicles, £3.37m in equities, £0.40m fixed interest securities and £14.37m in Property. The total value of level 3 investments accounted for 28% of the total scheme assets held. The figures in the table may not sum due to rounding.

Due to the nature of the Level 3 asset class there is inherent uncertainty in the valuation. The table below illustrates the impact of a 5% change across specific Level 3 asset classes and the total asset portfolio for each scheme.

Railway Pension Scheme	2021/22		
	Change in value	Percentage Change	Change in deficit £ million
Private equity and non-exchange -traded Pooled Investment Vehicles	+5%	1.25%	(3.06)
	-5%	-1.25%	3.06
UK Property	+5%	0.03%	(0.09)
	-5%	-0.03%	0.09
Total plan assets	+5%	5.00%	(12.25)
	-5%	-5.00%	12.25

## H. Significant actuarial assumptions

Weighted average assumptions to determine benefit obligations	2021/22	2020/21
Discount rate	2.60%	1.95%
Rate of price inflation (RPI) <sup>^</sup>	3.50%	3.15%
Rate of price inflation (CPI) <sup>^</sup>	3.15%	2.75%
Rate of increase/(decrease) in salaries*	3.15%	2.75%
Rate of pension increase	3.15%	2.75%

\* Salary increase assumptions have remained in line with an initial best estimate of salary increases for a period of time and then in line with inflation thereafter. Therefore, allowance has been made for short term pay increases for each year of the 5 years following the measurement date. The inflation used after the initial period has been based on CPI over the year. This represents a change in best estimate long term increases. At both measurement dates, a promotional scale is applied in addition to the rate of salary increases shown above.

<sup>^</sup> The actuarial model uses both RPI and CPI. RPI is used to estimate price increases whilst CPI is used to estimate benefit increases. On 4 September 2019, the UK Government announced that it would consult on the UK Statistics Authority's proposals to align RPI with CPIH by 2030. On 25 November 2020, HM Treasury and the UK Statistics Authority released their joint response in relation to the consultation on the reform of the RPI methodology. This confirmed that the RPI index will be aligned with the CPIH index from February 2030, which is similar in construction and calculation to the CPI index. To reflect this, BTPA has changed the derivation of the CPI inflation assumption to be 1% p.a. lower than RPI inflation for the period up to 2030 and 0% p.a. lower than RPI inflation for the period from 2030. This leads to a single equivalent deduction of 0.35% p.a. from the RPI inflation assumption to derive the CPI inflation assumption.

The total impact of the change in RPI-CPI wedge is the sum of the inflation sensitivities for each scheme where there was a 50 basis point decrease in price inflation amounting to £263m. £214m of this relates to British Transport Police Force Superannuation Fund and £49m relates to Railway Pension Scheme.

Assumed life expectations on retirement at age 65	2021/22	2020/21
Retiring today – Males	20.8	20.7
Retiring today – Females	23.0	22.9
Retiring in 20 years time – Males	22.1	22.0
Retiring in 20 years time – Females	24.5	24.5

Expected future benefit payments from the fund, based on data from the 2019 formal valuation and the 31 March 2022 IAS 19 assumptions	2021/22	2021/22
	£ million	£ million
Benefits expected to be paid within 12 months	5.00	5.00
Benefits expected to be paid between 2 to 3 years	16.00	13.00
Benefits expected to be paid between 4 to 6 years	30.00	24.00
Benefits expected to be paid between 7 to 10 years	50.00	41.00
Benefits expected to be paid between 11 to 15 years	78.00	66.00
Benefits expected to be paid in over 15 years	635.00	560.00

## I. Sensitivity analysis

The below table shows the impact of changes to assumptions to the net pension deficit:

Net liability (asset), excluding any effect of asset limit	2021/22	2020/21
	£ million	£ million
Base	184.80	192.73
<b>Discount rate</b>		
– Discount rate -25 basis points	31.95	31.11
– Assumption	2.35%	1.70%
– Discount rate +25 basis points	(29.30)	(28.49)
– Assumption	2.85%	2.20%
<b>Inflation rate</b>		
– Inflation rate -50 basis points	(48.72)	(49.19)
– Assumption	3.00%	2.65%
– Inflation rate +50 basis points	56.26	57.21
– Assumption	4.00%	3.65%
<b>Mortality</b>		
– Mortality	16.20	15.71
– Assumption	Plus one year age rating	Plus one year age rating

Further details on sensitivity can be found in the table overleaf.:

	£ million	Sensitivities from Base Financial Year (FY) 2022 (one item changed with all others held constant)					
Analysis of net SoFP	FY 2021	Base FY 2022	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.5% inflation rate	Plus 0.5% inflation rate	Mortality sensitivity
Fair value of scheme assets	217.76	245.08	245.08	245.08	245.08	245.08	245.08
Present value of benefit obligations	410.49	429.88	461.83	400.58	381.16	486.14	446.08
<b>Net liability/(asset), excluding any effect of asset limit</b>	<b>192.73</b>	<b>184.80</b>	<b>216.75</b>	<b>155.50</b>	<b>136.08</b>	<b>241.06</b>	<b>201.00</b>

	£ million	Sensitivities from Base Financial Year (FY) 2022 (one item changed with all others held constant)					
Analysis of projected pension cost	Actual FY 2022	Base FY 2023	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.5% inflation rate	Plus 0.5% inflation rate	Mortality sensitivity
Current service cost	23.29	23.60	25.25	21.04	20.02	26.53	24.04
Interest cost	7.99	11.16	10.84	11.40	9.89	12.62	11.58
Interest income on scheme assets	(4.31)	(6.44)	(5.83)	(7.07)	(6.45)	(6.45)	(6.45)
Administrative expenses and taxes	1.09	1.09	1.09	1.09	1.09	1.09	1.09
<b>Total pension cost before asset limit</b>	<b>28.06</b>	<b>29.41</b>	<b>31.35</b>	<b>26.46</b>	<b>24.55</b>	<b>33.79</b>	<b>30.26</b>

Actuarial assumptions	FY 2021	Base FY 2022	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.5% inflation rate	Plus 0.5% inflation rate	Mortality sensitivity
Discount rate	1.95%	2.60%	2.35%	2.85%	2.60%	2.60%	2.60%
Rate of RPI assumption	3.15%	3.50%	3.50%	3.50%	3.00%	4.00%	3.50%
Rate of CPI assumption	2.75%	3.15%	3.15%	3.15%	2.65%	3.65%	3.15%
Rate of increase in salaries*	2.75%	3.15%	3.15%	3.15%	2.65%	3.65%	3.15%

<b>Mortality Table</b>	In line with the actuarial valuation as at 31 December 2019 but using the 2020 CMI model with long term improvements of 1.25% p.a. and an initial addition of 0.2%	In line with the results of the actuarial valuation as at 31 December 2019 but using the 2021 CMI model with long term improvements of 1.25% p.a. and an initial addition of 0.2% from 2019 onwards.	In line with the results of the actuarial valuation as at 31 December 2019 but using the 2021 CMI model with long term improvements of 1.25% p.a. and an initial addition of 0.2% adjusted to give one year added life expectancy from 2019 onwards.
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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 3% for the first five 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.



Impact of current inflation

Both the Scheme and the Fund provide increases to elements of members’ pensions in line with CPI. Due to the significantly higher current rates of inflation (CPI over the 12 months to April 2022: 9.0%) relative to the current assumption for CPI of 3.15%, it is likely that next year’s pension increases, paid in April 2023, based on the September 2022 CPI rate will result in significant increases in members’ pension benefits. This will result in a corresponding increase in the IAS 19 DBO. The Authority should consider whether disclosure of this increase in benefits and hence obligation would be appropriate. Since the September 2022 CPI rate is unknown, it is not possible to put a value on the increase, but for illustration, a 9% CPI rate could result in an increase in the DBO of c.£70m for BTPFSF and c£10m for RPS.

BTP is aware that its analysis may be affected by risks arising from the impact of the COVID-19 pandemic. Whilst the short term impact is more clearly understood at this stage, the full impact of the COVID-19 pandemic in the long term remains uncertain. Railpen have provided mortality rates for recent years for both scheme which shows no significant change in mortality. No margins have been applied to this analysis to reflect this risk.

Mortality assumptions

Future mortality expectations are likely to need to be considered once the effects on the underlying population health are more fully understood. There is a lag for mortality data to be processed to the models on which future mortality expectations are based. As yet, there are no firm conclusions on the impact on mortality, but this is expected to emerge as more data is collected.

Please see the previous tables for the sensitivity of the results to changes in mortality assumptions. We are aware that our analysis may be affected by risks arising from the impact of the COVID-19 pandemic. Whilst the short term impact is more clearly understood at this stage, the full impact of the COVID-19 pandemic in the long term remains uncertain. The mortality rates experienced for recent years in both schemes show no significant change in mortality based on the review of the data provided by the Schemes’ Actuaries. No margins have been applied to this analysis to reflect this risk.

24. Events occurring after the reporting date

There are no events to report. The date the accounts are authorised for issue is the date that they are certified by the Comptroller and Auditor General.

1. Apologies
2. Declarations of Interest
3. Annual Report and
4. Any Other Business

