



# British Transport Police Fund

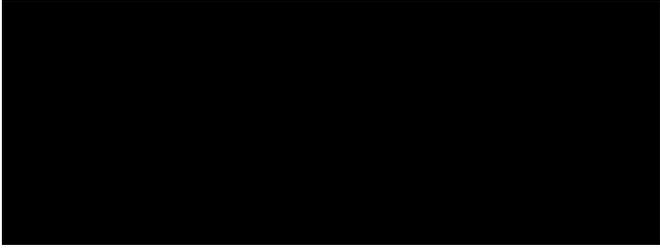
## Annual Report and Accounts

for the year ending  
31 March 2021



HC 563





# 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 15 July 2021.

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# 1. Performance Report

## Performance Overview

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## 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).**

As with all other public services, this year BTP had to adapt to radically different circumstances which changed swiftly and unpredictably. New ways of working, increased flexibility and increased engagement and resilience were required at every level. I was pleased to see the levels of professionalism and commitment demonstrated by BTP. These surpassed any reasonable expectations and the Authority commends all BTP Officers and Staff for their hard work and dedication.

Whilst the pandemic reduced passenger numbers, the need to protect and safeguard often very vulnerable people remained a priority. BTP rightly focused on being more visible and engaged actively to ensure that those rail passengers embarking on necessary journeys were, and felt, safe and secure. The reduction in passenger numbers influenced several metrics BTP normally use to measure performance against objectives. Those criminals remaining on the network were more visible and we saw an increase in the number of crimes recorded from proactive operations. Both changes were a direct result of the impact of the pandemic. Of course, sight should also not be lost of the important role of the BTP in the protection of critical national infrastructure.

BTP's proactive operations demonstrated significant success. The County Lines Taskforce was set up in December 2019 with additional funding from the Home Office and continued to operate throughout the 2020/21 period. This dedicated police team focused mainly on tackling gangs using the rail network to transport drugs. Ensuring that those still travelling felt safe to use the network also led BTP to focus increasingly, with industry partners, on all forms of sexual offending. BTP ran several highly visible communication campaigns to address these and other challenges which were targeted, with measurable success at specific audiences.

Notably, these initiatives tied in with BTP's commitment to safeguarding the young and vulnerable which remains a priority. The past twelve months has taken its toll on many in our communities and we saw an increase in the number of children and young adults, vulnerable and at-risk adults requiring intervention strategies and additional support. BTP's Vulnerability Unit continues to play a pivotal role in providing support, collaborating with appropriate agencies where possible to ensure that the right help is offered where required. In this work, I believe BTP is a leader amongst UK police forces.

This success would not be possible without recognising the strength of relationships that BTP has across the rail industry. Joint working partnerships and initiatives have played a key role in reducing crime and the number of incidents across the network, particularly around trespass and disruption. Over the past twelve months, trespass incidents reduced by 7% when the pandemic could so easily have led to an increase. Separately, that minutes lost to disruption were down by 55% was a significant achievement when faced with so many challenges in the operating environment.

In August 2020, officers alongside other emergency services and colleagues from Police Scotland responded to a passenger train derailment at Carmont, near Stonehaven. Tragically, three people lost their lives in this incident, and we remember their families and friends.

BTP has worked and will continue to work with its rail industry partners to establish a comprehensive policing response to each stage of the roadmap out of lockdown. This will ensure that the industry is fully supported throughout the recovery from the pandemic with the aim of reducing risk and adequately addressing the impact on crime and demand.

Challenges notwithstanding, the Authority continues to strive towards delivering cost efficiencies, investing in modernisation and technology and working closely with its rail industry partners to offer value for money across the board. Additionally, we continue to prioritise the safety and wellbeing of our employees, with newly-implemented policies taking effect, as well as the blended working approach being explored, and our frontline protected at all costs. The past year has also demonstrated the benefits of flexible working and there has been some valuable learnings which we will take into consideration when planning ahead.

Sadly, BTP lost three much-valued colleagues to Covid-19 over the past year. We mourn the loss alongside their co-workers, friends and family.

Looking ahead, I hope that once we can do so, we will have the opportunity to connect at various planned industry events and continue robust and meaningful engagement throughout the rail industry. This will help us jointly set out a new strategy from 2022 fully in line with the changes afoot, described in the recently published Williams-Shapps Review. Additionally, the first Manchester Arena Inquiry report has been released and we will carefully consider the feedback and any proposed recommendations.

2021 also saw the retirement of BTP Chief Constable Paul Crowther whose 40-year service to keeping the railway safe was equally impressive in impact and duration. The Authority was delighted to secure the services of newly-appointed Chief Constable Lucy D'Orsi and we look forward to working with her for some years to come. As BTP starts to plan its new strategic policing approach for the next three years, we are conscious that the environment remains volatile, and somewhat unpredictable. The Members and I are, however, confident in and exceptionally appreciative of the committed and dedicated leadership team, officers, PCSOs, staff and all that comprise the organisation that BTP is today.

## **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**

We are an independent body responsible for overseeing the work of the British Transport Police (BTP) – the national dedicated police force for the railways. There were between 12 and 15 members of the BTPA throughout 2020/21 who 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 includes:

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

### **Our vision**

Our vision is to collaborate with service operators and businesses in an expanding rail industry to provide a safe, secure and reliable transport system for passengers and those who work on the railways.

### **Our mission**

Our mission is to keep the railways safe and protect people from crime, ensuring that levels of disruption and the fear of crime are as low as possible.

## **Our ambition and 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.

## **Our values**

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

- **Proud**  
We are proud to be the specialist police force responsible for policing the railways
- **Compassionate**  
We care about people and put those who are vulnerable or victims at the heart of everything we do
- **Commercially Aware**  
We demonstrate the value of our activities to the public and rail industry and understand the financial impact of our actions
- **Professional**  
We act with integrity at all times, displaying our professional and ethical principles
- **Safety Conscious**  
We operate safely in a highly-regulated and often dangerous environment, taking personal responsibility to ensure our training and knowledge are up to date

# Performance Summary

## Key Achievements

During 2020-21 the County Lines Taskforce saw:

- **Over 900 arrests**
- **£440,000+ of cash seized**
- **Over 491 drug seizures**
- **200 weapons removed from the railway**

Rates of crimes solved for the year **increased to 29% compared to 14% last year.**

This is due to a combination of proactive initiatives and fewer crimes recorded, which meant officers were able to follow-up on outstanding warrants, bails and explore various further lines of enquiry.

**A new passenger focused BTP website was launched,** offering users crime and incident reporting facilities, transactional services and personalised content.

In 2020/21 there was a:

- **55% reduction** in the amount of delay on the railway caused by police-related disruption
- **22% reduction** in the number of police-related disruption incidents when compared to 2019/20

**£3.7m efficiencies** achieved in 20/21

Trespass continues to be a key priority and is reflected again in the 2020/21 Policing Plan.

- This year saw a **7% reduction** in trespass incidents
- **51% reduction** in minutes lost due to trespass, compared to 2019/20.

Trespass incidents involving children and young people **decreased by 25%.**

**This showed that a targeted, partnership approach between industry and the police is highly effective.**

Engagement with over **93,000 passengers during Covid-19 restrictions** to address face coverings or reasons for travel during lockdown periods

## **Operational Analysis**

**This section sets out the activities, achievements and challenges in 2020/21 against our strategic and annual operational objectives against which BTP is measured.**

### **Operational Overview and Context Setting**

The operational priorities of British Transport Police (BTP) were framed by the 2018-21 Strategy and the 2020/21 annual Policing Plan. Due to the impacts of the pandemic, the 2020/21 Policing Plan was not published until September 2021, by which time we could be clear on the predictability of the operating environment and appropriate priorities for policing. This year has seen BTP operate in an environment unlike any it has known before, but it has responded admirably by working with its rail industry partners to prioritise being visible on the rail network and continuing to keep passengers and rail staff safe.

BTP has retained a focus on safeguarding vulnerable people, with officers making safeguarding and life-saving interventions. Partnership working has also been a continued theme this year, with BTP engaging closely with stakeholders and rail industry partners in its efforts to reduce trespass at key locations. BTP secured funding and worked with Home Office forces to undertake dedicated operations to tackle drugs-related crime through the County Lines Taskforce.

### **Covid-19**

During the period under review, BTP was fully integrated into the Covid-19 national policing strategy and worked alongside rail industry partners to challenge unnecessary travel and to reassure members of the public who were travelling on the rail network for legitimate reasons. BTP overcame the challenges and responded quickly to the constantly-changing English, Scottish and Welsh guidelines and new legislation. A national Gold Strategy and Command structure was put in place, so that the deployment of officers was effective to encourage compliance with the Government's regulations and respond to changing demands across the rail network.

BTP worked with its rail industry partners to establish a comprehensive policing response to each stage of the roadmap out of lockdown. This will ensure that any risk and impact on crime and demand is anticipated, and that the industry is fully supported throughout the recovery from the pandemic.

### **Stonehaven**

In August 2020, along with colleagues from Police Scotland and other emergency services, officers responded to a passenger train derailed at Carmont, near Stonehaven. Tragically three people lost their lives. Major incidents such as this are thankfully rare, and this derailment tested BTP's specialist national capability, made even more complicated by the rural location and challenging scene.

## **BTPA Strategic Plan 2018-21**

The Strategic Plan was launched in 2018 and was the product of a comprehensive review with key stakeholders, providing the framework for the annual policing plan and BTP2021 change programme against which BTP's performance is reviewed and measured.

The current Strategic Plan has four overarching objectives that address the priorities of the industry, passengers, rail staff and all those that use the railway and its infrastructure.

### **Our Strategic Priorities:**

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

## **1. Protecting and Safeguarding People**

For much of 2020/21, the rail network experienced a significant reduction in passenger numbers with the Office of Rail and Road (ORR) reporting that there were an estimated 309.3 million passenger journeys during quarters 1 to 3 in 2020/21; a 78% reduction compared to the same period last year. <sup>1</sup>

This adverse trend impacted the measurement of several objectives, creating some disparity when comparing previous periods under review. These metrics will, however, be closely monitored and trends reviewed and analysed as passengers return to the rail network in 2021/22.

### **Crime reduction and type**

The reduction in passenger numbers resulted in a change in demand on BTP in terms of crime and incidents, with a 49% reduction in the number of notifiable crimes recorded in 2020/21 compared to 2019/20 (from 73,144 to 37,312 crimes). In Scotland (BTP's D Division), there was a 9% reduction in the number of crimes recorded from 1,340 to 1,222. The number of offences reduced by 15% from 3,126 to 2,617.

<sup>1</sup> 309,269,459 franchise and non-franchise rail passenger journeys taken in 2020/21 Quarters 1 to 3, compared to 1,350,910,080 during the same period in 2019/20. 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 06.04.2021]

The number of crimes per million passenger journeys increased from 22.7, during quarters 1 to 3 in 2019/20, to 51.7 for the same period in 2020/21. Crime volumes did not fall as far as passenger volumes during the pandemic. The latest figures available from the Office for National Statistics (ONS) show that in the 12 months ending December 2020, police forces in England and Wales recorded 10% fewer crimes (excluding fraud) than the same period the previous year (BTP reported a 36% reduction, excluding fraud, in England and Wales during this period). **2** Crime figures published by Police Scotland showed that they recorded 8% fewer crimes (Groups 1-5) and 4% fewer offences (Groups 6-7) in 2020/21 compared to 2019-20.

Whilst crimes such as theft of passenger property and violence declined alongside passenger numbers **3**, some recorded crimes, such as possession of drugs and weapons which can be revealed by police proactivity, increased. **4** The increase in recording these offences was due to various proactive operations relating to County Lines and pre-planned operations taking place across the country.

In December 2019, with funding from the Home Office, BTP set up a County Lines Taskforce; a police team dedicated to tackling gangs using the railway to transport drugs. During 2020/21 the County Lines Taskforce carried out operations at stations and on train routes across England, Wales and Scotland. This year, the taskforce saw over 900 arrests **5**, more than £440,000 of cash seized, 491 drug seizures and over 200 weapons removed from the railway.

**2** Office for National Statistics (ONS) Crime in England and Wales, year ending December 2020 – PFA tables. Available from <https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/datasets/police-forceareadatatables> [Accessed 17.05.2021]

**3** Theft of passenger property: 78% reduction from 2019/20 to 2020/21 (from 21,169 to 4,641 offences recorded); Violence: 48% reduction from 2019/20 to 2020/21 (from 12,918 to 6,671)

**4** Drugs offences: 44% Increase from 2019/20 to 2020/21 (from 2,883 to 4,162 offences recorded); Weapons offences: 13% increase from 2019/20 to 2020/21 (from 754 to 852)

**5** Including arrests by Home Office forces

Other crime areas which have remained challenging over the last year include criminal damage, graffiti and robbery with offences having continued at similar levels to previous years, despite the reduction in passengers.<sup>6</sup> With regards to criminal damage and graffiti, this has mainly been attributed to a quieter rail network, fewer passengers and a large amount of trains stabled in depots and lineside locations for longer periods of time. For robbery, these have primarily been offences by and against minors who often continued to travel on the railway to schools and colleges.

BTP has seen a positive result in the rate of crimes solved for the year: 29% (10,634 crimes solved) compared to 14% last year (10,502 crimes)<sup>7</sup>. This was as a result of a combination of proactive initiatives and fewer crimes recorded this year, which meant officers were able to follow-up on outstanding warrants, bails and explore various further lines of enquiry.

### **Safeguarding people**

Safeguarding vulnerable people on the railway remains critically important. Local communities no doubt felt the impact of lockdown restrictions and the pandemic, and despite fewer passengers using the rail network, officers continued to make safeguarding interventions. 9,840 Children and Young Person forms (8,646 in 2019/20) and 3,675 Adult at risk forms (3,224 forms in 2019/20) were submitted to BTP's Vulnerability Unit in 2020/21 to enable a range of further support to be provided by the appropriate agencies. In addition, BTP and partner agencies made 1,992 life-saving interventions this year (2,226 in 2019/20) and there were 1,530 mental health incidents requiring support to those in need (1,864 in 2019/20).

### **Increased BTP engagement due to travel restrictions and regulations**

Since the introduction of face-covering regulations, BTP officers engaged substantively with over 93,000 people who were observed without face coverings and challenged them during periods of lockdown on reasons for their journey on the rail and London Underground networks. More than 90% of people challenged put on a face covering when requested to do so or described a lawful exemption under the Government regulations. There were over 7,100 instances where further enforcement action was needed, and officers directed individuals to leave a train or station. Just over 390 Fixed Penalty Notices were issued to people who refused to comply with the mandatory wearing of a face-covering.

<sup>6</sup> Criminal damage: 9% reduction from 2019/20 to 2020/21 (from 2,819 to 2,558 offences recorded); Graffiti: 3% increase from 2019/20 to 2020/21 (from 3,424 to 3,516 offences); Robbery: 28% reduction from 2019/20 to 2020/21 (from 1,033 to 743 offences). 9% reduction in crimes ('Groups 1-5) and 15% reduction in offences ('Groups 6-7). These figures are not comparable with BTP's crime statistics for England and Wales. Source: Police Scotland (2021) Management Information Force Area Report: Quarter 4 2020/21. Available from: <https://www.scotland.police.uk/spa-media/adilxnr/force-quarterly-bulletin-quarter-4-official.pdf> [Accessed 10 June 2021]

<sup>7</sup> 2019/20 crimes solved have been re-stated due to an error in the prior year data

## Passenger safety

To focus on the needs of passengers, a new BTP website was launched which enables them to engage and access services directly online. It offers users basic crime and incident reporting facilities, transactional services and personalised content, including an individual history of individual interactions with us. The new website also includes a Welsh language option for improved accessibility.

## 2. Reducing Delays and Disruption

In 2020/21 there was a 55% reduction in the amount of delay on the railway caused by police-related disruption and a 22% reduction in the number of police-related disruption incidents when compared to 2019/20.<sup>8</sup>

As a result, the average amount of delay caused by each disruption incident also fell, from 75 minutes in 2019/20 to 42 minutes in 2020/21. Disruption incidents initially dropped at the start of the year but once restrictions from the first Covid-19 lockdown were lifted they rose to almost pre-pandemic levels. This has remained constant since, despite a continued reduced timetable and passenger numbers.<sup>9</sup>

### Trespass and community engagement

Trespass continues to be a key priority and was reflected again in the 2020/21 Policing Plan. This year saw an 8% reduction in trespass incidents, and minutes lost due to trespass were down by 51% compared to 2019/20. <sup>10</sup> Most of the trespass incidents recorded this year were youth related, which is strongly related to anti-social behaviour and often criminal damage.

BTP undertook more prevention initiatives during the period under review, including joint working with the rail industry and a focus at top trespass hotspot locations. There was key work in this area throughout Covid-19 with attention around locations with school closures and social media campaigning for community engagement. Trespass incidents involving children and young people decreased by 25% (103 incidents in 2020/21 compared with 138 in 2019/20). This showed that a targeted, partnership approach between industry and the police is highly effective.

<sup>8</sup> Police related lost minutes reduced from 1,822,370 lost minutes in 2019/20 to 816,277 in 202/21. Police related disruption incidents reduced to 19,555 incidents in 2020/21, from 25,064 in 2019/20. Note slight differences in 2019/20 data compared to 2019/20 Annual Report – this is due to the source data being refreshed since publication and incidents recategorized by the data provider.

<sup>9</sup> Department for Transport (2020) Reduced rail timetable agreed to protect train services and staff. Available from <https://www.gov.uk/government/news/reduced-rail-timetable-agreed-to-protect-train-services-and-staff> [Accessed 06.05.2021]

<sup>10</sup> Trespass incidents reduced from 10,374 in 2019/20 to 9,597 in 2020/21. Trespass related lost minutes reduced from 845,716 in 2019/20 to 417,851 in 2020/21. Note slight differences in 2019/20 data compared to 2019/20 Annual Report – this is due to the source data being refreshed since publication and incidents recategorized by the data provider.

## **Fatal incident response**

BTP acts in a prompt but professional manner when responding to fatal incidents on the railways. In 2020/21 the average fatality arrival time for BTP was 19 minutes (2019/20: 19 minutes) and the average management time for BTP before handback of the track for non-suspicious incidents was 97 minutes (2019/20: 91 minutes).

## **3. Providing Value for Money**

BTPA is funded by the railway and follows government regulations around safeguarding public money. There are several controls in place to ensure value for money including controls over purchasing and contract award. A strong Commercial team 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.

The Strategic Plan set out a revised commitment to achieving £18.7 million in lasting cashable efficiencies over the four years from 2018/19 to 2021/22. £3.7 million of new efficiencies were achieved in 2020/21 (2019/20: £6.8 million). Further details of these efficiencies are outlined later in the report.

## **4. Building A Skilled and Specialist Workforce**

This year has been exceptionally challenging for all BTP officers, PCSOs and staff and the priority has been to guarantee the safety and wellbeing of employees. This meant ensuring that front line officers, PCSOs and staff had the required PPE and equipment to work safely and wellbeing programmes being made available to all.

There was a swift move to home working for many employees, with the roll out of video conferencing technology to maintain work activities and performance. A dedicated Covid-19 communications hub was launched to ensure people were updated promptly on changes to legislation, policy, operational instructions and safety matters. BTP is currently planning for the 'new normal' as people plan to return to the office, including considering how agile working may be built into future ways of working.

### **Recruitment**

In 2020/21, BTP placed an increased focus on recruitment. The economic climate has also contributed to a reduction in employee turnover across all employee groups. Overall turnover fell from 14.2% in 2019/20 to 9.0% in 2020/21. Turnover for police officers reduced from 10.4% in 2019/20 to 7.2% in 2020/21, while police staff turnover was down from 17.1% to 10.0% (excluding redundancy) and PCSO turnover was down from 29.0% to 19.6% during this period.

### **Culture, trust and legitimacy**

BTP is committed to building a culture of trust, legitimacy and empowerment and set out its ambition to improve the representation of female and ethnic minority employees. In 2020/21, BTP reviewed its level of inclusiveness and engaged staff in a Forcewide conversation about race and listened to the experiences of employees. As a result, the 'Moving the Needle' action plan was published. This documents BTP's commitment to review everything it does to identify and address unconscious bias and make BTP a

fairer, more inclusive police force. To lead this agenda, a dedicated new post of Chief Superintendent for Trust, Legitimacy and Community Policing was created.

BTP continued to use positive action techniques to reach out to under-represented groups, both in recruitment and development activities. Ethnic minority police officer representation increased to 10.0% of the police officer workforce (2019/20: 9.4% at year-end). The overall ethnic minority employee representation for all employees increased from 13.7% to 14.8%.

### **Increasing female office representation**

Although BTP's female officer representation rate remains low and saw only a very slight increase from 21.2% to 21.3%. BTP's gender pay gap for 2020 reduced for the third year to a mean gap of 8.0% and median gap of 13.0% (2019: 8.6% mean and 15.0% median). BTPA was also pleased to welcome the first female BTP Chief Constable, Lucy D'Orsi. However, there is a need to increase representation of female police officers. Working with the Female Police Association, BTP identified several challenges and recently launched new policies to provide additional support. These include implementing a Menopause Policy, providing advice for employees and their line managers on menopause issues recording menopause related absence as a specific sickness category and a new Maternity Toolkit. The policy increased maternity leave from 18 to 26 weeks full pay, and includes parental Bereavement Leave, giving all employed parents and adoptive parents the right to two weeks leave on full pay following the death of a child, or those who suffer a stillbirth after the 24th week of pregnancy.

### **Covid-19 impact on sickness working days and family leave**

BTP employees in 2020/21 averaged 14.9 sickness working days lost per person (2019/20: 9.6 days), an increase largely attributable to Covid-19. When omitting Covid-19 related sickness and self-isolation, the average working days lost were 6.0 days per person. To support employees during the year, BTP implemented sick pay for police staff during probation, extended family leave from two to five days full pay, in recognition that normal resources to support childcare were not available, and a wellbeing hub was launched with dedicated materials regarding mental health, financial guidance and bereavement. BTP also supported line managers with employees classed as Clinically Vulnerable to Covid-19; each had a personal safety plan in place and worked remotely in line with Government guidance. Sadly, during the year, BTP lost three colleagues to Covid-19.

## **2020/21 Policing Plan**

**Underpinning the BTPA Strategy is the annual Policing Plan which is built using inputs from partners and service users, and which sets out our policing priorities for the year. Performance is assessed against a series of National and Local Priorities, which are linked to the strategic priorities.**

For 2020/21 BTPA delayed publication until September and instead put their full support behind the operational decision making needed by BTP during the onset of the pandemic.

## Financial Performance

The net deficit for the financial year was £66.6 million (2019/2020: £79.7m), £56.5 million (2019/2020: £74.0m) of which relates to IAS19: Employment Benefits pensions accounting adjustment. The result excluding the IAS19 adjustment is therefore a £10.1 million deficit (2019/2020: £5.7m deficit).

## Financial Analysis

	Year ending 31 March 2018 £'000	Year ending 31 March 2019 £'000	Year ending 31 March 2020 £'000	Year ending 31 March 2021 £'000	Budget 2021/22 £'000
<b>Income</b>	293,558	303,189	305,262	319,838	328,081
<b>Expenditure</b>	(368,728)	(376,450)	(384,978)	(386,460)	(437,791)
<b>Net Deficit</b> Including IAS19 pension costs	(75,170)	(73,261)	(79,716)	(66,622)	(109,710)
<b>Adjusted net surplus / (deficit)</b> Removing IAS19 costs	(4,500)	(1,904)	(5,726)	(10,132)	(1,540) 11
<b>Non Current Assets</b>	51,964	49,419	68,043	67,690	N/A
<b>Total Assets</b>	108,999	108,790	126,661	125,612	N/A
<b>Current Liabilities</b>	(49,325)	(49,495)	(55,011)	(58,194)	N/A
<b>Non Current Liabilities</b>	(720,663)	(782,352)	(596,237)	(1,054,862)	N/A
<b>Taxpayers Equity</b>	(660,989)	(723,057)	(524,587)	(987,444)	N/A

11 Excludes IFRS16 adjustment (estimated at £0.01m)

## Five-year Financial Performance

The table shows financial outturn figures for the year ending 31 March 2018 to the year ending 31 March 2021 and the budget for 2021/22.

A new Medium-Term Financial Plan covering 2021/22 through to 2025/26 was agreed at the December 2020 Authority meeting. The plan has been agreed on the assumption that no drawdown of reserves will be required for 2021/22 revenue budget.

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 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 2020 shows net pension liabilities of £579.3 million. The net liability of the scheme on 31 March 2021 was £1,039.1 million; an increase of £459.8 million in the year. A lower discount rate alongside a higher inflation rate has significantly increased the benefit obligation in the current financial year. The DfT, as the Authority's sponsoring department, underwrites any pension shortfalls.

## Current Year Performance

The net deficit for the financial year was £66.6 million (2019/20: £79.7 million), £56.5 million (2019/20: £74.0 million) of which relates to an IAS19: Employee Benefits pensions ("IAS 19") accounting adjustment. The result excluding the IAS19 adjustment is therefore £10.1 million deficit (2019/20: £5.7 million deficit).

The Covid-19 pandemic has had a notable impact on the nature of expenditure incurred in 2020/21. The table shows the breakdown of the expenditure incurred as a result of the pandemic. The DfT has agreed a grant in aid to fully fund this expenditure. £6.5 million of this funding was received during 2020/21 and recognised through the statement of changes in equity. The remaining funding will be received in the following financial year.

<b>Covid 19 Additional Spend category</b>	<b>(£'000)</b>
Operation 'Big Wing'	1,660
Other revenue	6,860
Capital	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 includes overtime incurred to maintain operational staffing levels during the pandemic. This cost category also includes the purchase of personal protective equipment and cleaning services. Capital expenditure has facilitated agile and remote working (laptops and other devices) and supported single vehicle crewing required to maintain safe working practices for employees.

Covid-19 has also impacted the statement of financial position. Untaken annual leave resulting from operational pressures resulted in additional carry over of annual leave into the following year. As a result, the annual leave liability increased in 2020/21 by £4.7 million. This is because of an agreed policy to allow employees to carry over annual leave of up to 20 days to utilise over the following two years, in line with government guidance.

The European Union Exit did not have a material impact on financial results during 2020/21. There was no material extra expenditure on this area.

Income recognised in the year increased by £14.6 million, from £305.3 million in 2019/20 to £319.8 million in 2020/21. This increase is largely due to an inflationary increase in BTPA charges. Due to the decline in passenger numbers, which led to some contractual and financing changes within the rail industry, BTPA closely monitored debtors and cashflow to ensure all expected income was received. The introduction of the Emergency Measure Agreements and Emergency Recovery Measures Agreements by the DfT has provided further assurance of timely payment of PSA charges following the pandemic.

There was an increase of £5.3 million in staff costs, from £293.9 million in 2019/20 to £299.2 million in 2020/21. Standard payroll costs increased due to a pay award and spine point progression. An additional £4.7m was incurred to recognise the increased annual leave liability. These costs have been offset by a reduction in the IAS19 pension contribution adjustment. Temporary staff costs have remained at a similar level compared to the prior year.

Other expenditure decreased by £0.2 million, from £55.2 million in 2019/20 to £55.0 million in 2020/21. Falling consultancy and legal fees were offset by an increase in technology and premises costs. These cost increases can be attributed to the impact of the pandemic.

In the statement of financial position, the carrying value of non-current assets decreased by £0.3 million, from £68.0 million in 2019/20 to £67.7 million in 2020/21. The minimal movement in the value was caused by a similar value of additions capitalised to the depreciation or amortisation charged on assets in the year.

Total current assets fell by £0.7 million, from £58.6 million in 2019/20 to £57.9 million in 2020/21. Receivables increased by £1.8 million, though this was offset by a £2.5 million reduction in cash.

Total current liabilities increased by £3.2 million, from £55.0 million in 2019/20 to £58.2 million in 2020/21. This resulted from an increase in the trade and other payables balance, offset by a reduction in provisions. The increase in the trade and other payables balance was largely caused by a high value invoice sitting on the accounts payable ledger waiting for payment post year-end. The value of provisions reduced through a higher level of provision write backs or utilisation compared to increases in provisions.

The value of non-current liabilities increased by £458.6 million, from £596.2 million in 2019/20 to £1,054.9 million in 2020/21. This was driven by an increase in the net pension liability caused by a lower discount rate alongside higher inflation in the current financial year.

### **Improving Efficiency**

BTPA is committed to improving efficiency. The Strategic Plan initially set out a commitment to achieving £30.0 million in lasting cashable efficiencies over the four years from 2018/19-2021/22. BTP established the BTP2021 transformation portfolio as the delivery vehicle for this efficiency programme. During 2019/20, the efficiency profile was updated to reflect operational requirements and external changes in the operating environment which would prevent the £30.0 million target being met. As such, a refreshed Medium-Term Financial Plan agreed in December 2019 confirmed a new cashable savings target totalling £18.7 million.

In 2020/21 the BTP2021 portfolio was significantly impacted by the Covid-19 global pandemic. In March 2020, change structures and staff were, where possible, redirected to support the management of the critical incident. In July 2020, a review of the portfolio was undertaken to take stock of the impact, and change governance recommenced. Key impacts on the efficiency programme were a pause to the Duty & Event Planning restructure, resulting in a one year delay to delivery and benefits (anticipated savings of approximately £0.4 million); a decision to reverse plans for a single control room to maintain business continuity, identified through lessons learned from the pandemic, removing approximately £0.4 million anticipated savings and delays to some of the Digital Policing and End User Computer programmes due to abstraction of effort towards critical incident support and global supply chain issues.

However, positives have been derived from the pandemic, and not all planned change activity suffered delay. BTP swiftly stood up the technical capacity and support for home working, including rollout of Microsoft Teams video conferencing; delivery of Microsoft O365 was brought forward, as was the package utilised to support critical incident response, including a mobile application to record fixed penalty notices, and the use of PowerBI to deliver daily management information into Gold and Silver Command. Planned structural changes to Crime and Safeguarding and Organisation Support went ahead and released anticipated savings. As such, the portfolio delivered £3.7 million of efficiencies in 2020/21 (2019/20: £6.8 million).

## **Key areas of progress this year include:**

### **Digital Policing**

BTP delivered the final elements of its new network across its 145 offices, managed a move of its data centre, began the process of end user device refresh and implemented Microsoft O365. This ongoing refresh of infrastructure supported development of a number of digital policing applications including the go-live of Single Online Home, BTP's new public-facing website and digital access to services; mobile crime recording by frontline officers; continued onboarding of partner CCTV to the Digital Evidence Management System; and the rollout of a new property module on NICHE, the force records management system. The combined technology workstreams delivered savings in 2020/21 of £0.8 million.

### **Operational Support**

The new single, borderless, Crime Command went live at the beginning of 2020/21, which was the final step in creating centralised structures covering Intelligence, Public Protection and Vulnerability and Investigations. These structural changes are accompanied by plans to improve capability, offering a more flexible and professional service to the public and partners. Crime Command delivered savings of £1.2 million in 2020/21.

### **Organisational Support**

The new structure for Finance, People and Commercial functions went live in April 2020, with transitional resource in place until March 2021. The new operating model is now fully in place. Data quality and the structure of finance and people systems have been cleansed and improved, new business partnering models are supporting teams across BTP, and processes are being professionalised and automated where possible. The new organisational support structures delivered savings of £1.3 million in 2020/21.

A final £4 million saving is required in 2021/22 from the BTP2021 portfolio to achieve its targeted £18.7 million. Due to Covid-related delays in commencing BTP's Duty & Event Planning restructure, approximately £0.5 million of this will fall into financial year 2022/23. Whilst approximately £0.4 million of savings associated with a single control room have been removed from the profile, new smarter ways of working, accelerated because of the pandemic, are expected to offset some of this shortfall. A final £0.3 million is therefore being sought from other initiatives across the portfolio.

Other key opportunities remaining within the BTP2021 portfolio include delivering new structures and processes across Justice, Public Contact and CCTV; further enhancing digital applications to increase the mobility of frontline officers; embedding new digital learning techniques through a new Learning Management System; creating long term, sustainable ways of working remotely alongside a refreshed estates strategy, and a complete refresh of laptops and desktops across BTP. All this is underpinned by a new People & Culture programme transforming the way BTP support, communicate with and lead an increasingly diverse and empowered workforce.

As the BTP2021 portfolio ends, a new strategic direction will be formulated, alongside a new transformation vehicle to deliver a fresh phase of improvement. This will need to meet a new £20 million efficiency target, as set out in the MTFP agreed in December 2020, to April 2026.

## **Sustainability Report**

**BTPA is committed to ensuring that policing the railways meets the sustainability requirements set by the Greening Government Commitment (GGC), which targets an overall 32% reduction in greenhouse gas emissions from the 2009/10 baseline year to the end of the second GGC phase in 2020/21.**

BTPA continued towards the Greening Government target in 2020/21. The overall trend continues as a vast reduction against the 2009/10 Baseline. Covid-19 has played a part in this reduction, though significant progress had been made in previous years, indicating a stable response to the Greening Government Commitments.

## Progress against GGC operational targets 12

Greening Government Commitments	Baseline 2009/10	Operational target to 2020/21	Operational Performance		Reduction from baseline	Gross Expenditure
			2019/20	2020/21		
<Greenhouse Gas Emissions (tonnes/CO <sub>2</sub> ) (Scope 1-3)	8,647t	-32%	5,731t	5,119t	-41%	£1,462,444
Waste to landfill as a % of total waste	N/A	<10%	n/a	114t	0.06%	N/A
Water (m <sup>3</sup> /FTE)	20m <sup>3</sup>	<4-6m <sup>3</sup>	3.24m <sup>3</sup>	2.64m <sup>3</sup>	-87%	£77,200
Paper (reams A4 equivalent)	25,562	-50%	19,778	12,774	-50%	N/A
Domestic Flights (Number of flights)	416	-30%	226	21 13	-95%	Included in GHG expenditure

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

**12** The metrics in the above table are influenced by the impact of the Covid-19 pandemic and as such are not directly comparable year on year.

**13** Flexible working meant a reduced number of people in the office and travel restrictions limited the number of flights taken.

## **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 in use, albeit with fewer occupants. Some small sites had been surrendered in 2020/21, but none have a significant impact on energy consumption.

## **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, 114 tonnes (less than 6%) is sent to landfill.

## **Water**

Water consumption continues to be below 4m<sup>3</sup>. BTP has not implemented any reduction schemes, and the reduced level is believed to reflect lower occupancies in the sites with metered water.

## **Paper**

Paper consumption greatly declined in the last 12 months and was 56% of consumption in 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 2009/10. This continued a trend over the years and is not expected to rise when a greater number of people return to the office.

## **Domestic Flights**

A total of 21 domestic flights were taken in the year, which equated to 5% of the 2009/10 baseline, more than the 30% reduction target. This figure was predominantly a result of Covid-19 measures restricting travel. The introduction of improved technology to reduce the need for in-person meetings will also have a beneficial impact on lowering the number of domestic flights. Finally, the 2019/20 figures had seen an increase that was, in part, due to an engagement campaign for the BTP2021 reorganisation; there was no requirement for such a campaign, or equivalent in this financial year.

## **Transparency**

### **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.

### **Biodiversity**

The majority of BTP sites are based within railway stations and office buildings, with little natural habitat available to encourage biodiversity. As an organisation, BTP has Wildlife Crime Officers and staff who are specially trained to respond to incidents such as destruction of habitats or species.

## **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's building projects are delivered through the TFM contract; all project tenders require applicants to comply with Government Buying Standards (GBS) for sourcing materials and management of supply chain impacts. Waste is also carefully managed during any construction or refurbishment work, with assets reused where possible.

A handwritten signature in black ink, appearing to be 'H Ind', written in a cursive style.

**H Ind**

**Accounting Officer**

**Date 12 July 2021**

## **2. Accountability Report**

### **Corporate Governance Report**

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Principle Risks And Uncertainties

### **Remuneration Report**

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### **Corporate Governance Report**

#### **Directors' Report**

#### **Authority Members:**

#### **Ron Barclay Smith**

##### **Chair**

Appointed 05 March 2018 with a term of four years and a notice period of three months.

##### **BTPA responsibilities:**

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

##### **Appointments outside BTPA:**

- Criminal Injuries Compensation Authority of the Ministry of Justice: Non-Executive Director and Member of the Audit and Risk Committee (Ended on 31 March 2021)
- Royal Institute of Chartered Surveyors: Member of the Regulatory Tribunal
- Pitteadie Castle Ltd: Director and Co-Owner

#### **Mark Phillips**

##### **Deputy Chair**

Appointed Deputy Chair 7 November 2016 with a term of four years and a notice period of three months. Term ended 5 November 2020.

**BTPA responsibilities:**

- Police Authority: Deputy Chair
- Audit and Risk Assurance Committee: Chair
- Appointments and Remuneration Committee
- Transformation Working Group

**Appointments outside BTPA:**

- Rail Safety and Standards Board Ltd: Chief Executive and Executive Director
- Transport for London Board: Member
- Railway Industry Supplier Qualification Scheme Ltd: Director
- Railway Documentation and Drawing Services Ltd: Director
- Confidential Incident Reporting & Analysis: Director

**Dominic Booth**

Reappointed 1 September 2017 with a term of four years and a notice period of three months.

**BTPA responsibilities:**

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

**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:**

- Scottish Criminal Cases Review Commission: Chair
- Scottish Futures Trust: Non- Executive
- Independent Office of Police Conduct: Non-Executive
- Self-employed advisory services for: Nursery and Midwifery Council, National Records of Scotland, Association of Chartered Certified Accountants (ACCA), tribunal and other advisory services

### **Andrew Pollins**

Reappointed 1 September 2017 with a term of four years and a notice period of three months.

#### **BTPA responsibilities:**

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

#### **Appointments outside BTPA:**

- ENGIE Supply Holding UK Limited
- ENGIE Retail Investment UK Limited
- FHH No.1 Limited
- First Hydro Company
- First Hydro Finance plc
- First Hydro Holdings Company
- International Power Fuel Company Limited
- International Power Levanto Investments Limited (Dormant)
- IPM Energy Limited
- ENGIE UK Markets Limited (formerly IPM Energy Trading Limited)

- Rugeley Power Generation Limited
- Rugeley Power Limited
- ENGIE Developments Ireland Ltd
- Smart Buildings Limited
- East London Energy Limited
- ENGIE Buildings Limited
- ENGIE In Partnership Limited
- ENGIE Property Services Limited
- ENGIE Regeneration (Apollo) Limited
- ENGIE Regeneration (Bramall) Limited
- ENGIE Regeneration (FHM) Limited
- ENGIE Regeneration Holdings Limited
- ENGIE Regeneration Limited
- FWA West Limited
- Industrial Energy Services Limited
- ENGIE Leeds PFI Limited
- Resource Environmental Services Limited
- ENGIE Shotton Limited (In Liquidation)
- GDF SUEZ Teesside Limited
- International Power Retail Supply Company (UK) Limited
- IPM Energy Retail Limited
- Cofathec UK Limited (Dormant)
- Axima FM Holding Limited (Dormant)
- Covion Holdings Limited (In Liquidation)
- Elyo Falcon Limited (Dormant)
- EWP Technical Services Limited (Dormant)
- Gower Street Heat and Power Limited (In Liquidation)
- Industrielle De Chauffage Enterprise UK Limited (In Liquidation)
- International Power Turkish Wind Holding Limited (Dormant)
- M.D.P. (Engineering) Limited (In Liquidation)
- Teesside Energy Trading Limited (Dormant)
- Axima FM Limited (Dormant)
- Cofathec Heatsave Limited (Dormant)
- International Power Ltd
- International Power (Saudi Arabia) Ltd
- International Power (UCH) Services Ltd
- International Power Luxemburg Holdings Ltd
- International Power Holdings Ltd
- IP Karugamo Holdings UK Ltd

- IPM Peacock Ltd
- International Power (Genco) Ltd
- National Power AL Kamil Investments Ltd
- International Power Fawkes
- National Power (Kot Addu) Ltd
- International Power Finance
- IPR Turkey (No.2) Ltd
- International Power (Zebra) Ltd
- IPM Holdings (UK) Ltd
- International Power (Impala)
- International Power Luxembourg Finance Ltd
- National Power International Holdings
- International Power Global Developments Ltd
- International Power (Shuweihat) Ltd
- AL Kamil Investments Ltd
- National Power Oman Investments Ltd
- IPR Central Services (No.1) Ltd
- Normanbright (UK CO 5) Ltd
- IPR Central Services (NO.2) Ltd
- Swindon Power Technical Services Ltd
- IPR Central Services (No.3) Ltd
- IPR Turkey (NO.1) Ltd
- IPR Central Services (No.4) Ltd
- International Power Consolidated Holdings Ltd
- Normanframe (UK CO 6)
- International Power Levanto Investments Ltd
- IPM Energy Ltd

### **Stella Thomas**

Reappointed 1 September 2017 with a term of four years and a notice period of three months.

#### **BTPA responsibilities:**

- Police Authority
- Policing Plan Working Group
- Performance and Delivery Committee
- Strategy and Planning: 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
- Strategy and Planning Committee
- Pensions Working Group: Deputy Chair

### **Appointments outside BTPA:**

- North West Anglia NHS Trust: Non-Executive Director and Deputy Chair
- Blue Amaranth Consulting Ltd: Owner
- De Montfort University: Independent Governor

## **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
- PSA subgroup

### **Appointments outside BTPA:**

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

## **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

### **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.

### **BTPA responsibilities:**

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

### **Appointments outside BTPA:**

- Permanent Way Institution Ltd: Non-Executive Director

## **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
- Pensions Working Group
- Strategy and Planning Committee

### **Appointments outside BTPA:**

- Airbus Limited: Senior Counsel
- UK Hospitality Industries: Senior Counsel
- Parkdean Resorts Ltd: Senior Counsel
- Active Cheshire Limited: Trustee / Board Member
- GTE Consultants Limited: 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 (from 18 November 2020)
- Strategy and Planning Committee
- Transformation Working Group

### **Appointments outside BTPA:**

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

## **Sir Craig Mackey**

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

**BTPA responsibilities:**

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

**Appointments outside BTPA:**

- Civil Nuclear Police Authority: Member
- CTM Strategy and Consulting Limited: Director

**Authority Officers****Chief Executive Officer**

Hugh Ind (appointed 3 June 2019)

**Interim Chief Executive Officer**

Ian Pigden-Bennett (left 28 June 2019)

**Chief Financial Officer and Treasurer**

Sarah McGarel

**BTP Chief Officer Group****Chief Constable**

Lucy D'Orsi (appointed 22 March 2021)

**Chief Constable**

Paul Crowther CBE (retired 6 February 2021)

**Deputy Chief Constable**

Adrian Hanstock

**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

**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.

## **Fraud, bribery and whistleblowing**

The 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 our Anti-Fraud, Bribery and Corruption Policy. The policy is available to read on the BTPA website.

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

BTP/A 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 £120,000 (2019/20: £103,500). 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**

On 29 March 2017, the UK Government submitted its notification to leave the EU in accordance with Article 50. On 31 January 2020, the Withdrawal Agreement between the UK and the EU became legally binding and the UK left the EU.

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. The pandemic caused significant economic disruption just before the financial year end.

The ongoing disruption caused by the pandemic has created significant economic uncertainty, and this uncertainty is expected to continue throughout 2021.

## **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.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

**H Ind**

**Accounting Officer**

**Date 12 July 2021**

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

The Accounting Officer of the DfT 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 DfT, appointed the Chief Constable as an Additional Accounting Officer, to be accountable for the resources which come under his or her control.

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.

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

## **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 internal control and risk management that supports the achievement of the British Transport Police Authority's (BPTA) policies, aims and objectives, whilst safeguarding the funds and assets for which I am personally responsible for 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 budget, transactions and associated matters relating to BTP's financial management, policies, aims and objectives.

The BTPA Chair and Executive team have access to the Secretary of State for Transport and the Ministerial team when required to discuss policing and strategy. The Chief Constable has similar access to discuss operational policing. Regular meetings are held with DfT officials.

BTPA started the year continuing its journey of change enabled through the transformation programme 'BTP2021' and committed to continuous improvement supported by the implementation of recommendations from audits and inspections. An audit of BTP's management of non-cashable benefits by GIAA in late 2020 identified that BTP manages non-cashable benefits well but that further improvements would strengthen this important area. Work is ongoing to address the recommendations from the audit and will be used to inform BTP's new change programme which will commence in 2021/22 in line with BTP's new strategy.

Due to the global pandemic, some elements of the BTP2021 transformation programme were accelerated, and ways of working changed at a very fast pace. Despite the pace, the rigour of BTPA's governance structures, risk assessments, operational preparedness and internal controls ensured a robust control environment to face the challenges and risks presented by Covid-19. Funding and resources were allocated quickly as required and as appropriate, whilst ensuring adherence to necessary controls, approvals and governance.

As an organisation, BTPA has continued to strengthen its capability around strategic risk and engaged further with staff to ensure risk is escalated up to management. Sources of assurance across the three lines of defence were mapped, to allow BTPA to identify where there may be gaps in oversight or areas requiring further focus. BTP boards, including the Finance Assurance Board, Information Assurance Board and Strategic Commercial Board, were created to allow for greater oversight of key risks.

BTPA and BTP have worked closely together to make timely yet informed decisions, to scrutinise audit outputs, data and trends and address and monitor any issues requiring resolution. One successful collaboration this year has been the implementation of the new Complaints and Misconduct Regulations 2021. This required careful planning and roll-out as it involves a significant cultural change for the organisation. Positive feedback has been received regarding the focus on making BTP's culture one of coaching and reflective practice.

Following the tragic events of the 2017 terrorist attack in Manchester, BTP has supported the Chairman throughout the Manchester Arena Inquiry. The independent public Inquiry was established on 22 October 2019 by the Home Secretary. The Inquiry hearings commenced on 7 September 2020. BTP has provided written and verbal evidence as well as relevant documents and records. Immediate lessons from the Inquiry have been developed and implemented in collaboration with partners. The Inquiry is expected to have heard all the evidence by January 2022.

In March 2021, BTP welcomed its new Chief Constable, Lucy D'Orsi. The Chief Constable will work with the BTPA to produce a new strategy for 2022-2025, incorporating the expected rail reform and changes to funding as an output of the Williams Review. BTPA and BTP maintain engagement with the DfT and are ready to progress any consequences of the reforms relevant to BTPA and the security of the travelling public.

BTPA looks annually at Governance structures as part of a Board effectiveness review. The Code of Governance is due to be updated, Committee terms of references are being reviewed and a Complaints Review Panel has already been established.

There are many risks and challenges expected in the coming year, not least the continuing impact of Covid-19, changes to the rail industry following the Williams Review, the public and media spotlight on police legitimacy and preparing for a number of major events later in 2021. BTP/A will continue to use, and adapt where necessary, strong governance, risk management and internal controls to ensure compliance and accountability.

## **The Police Authority**

The Authority meets 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, including of 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 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 2020/21 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 (HMIC) inspection programme
- The submission of a Management Assurance Return to the DfT
- Overseeing the implementation of actions resulting from audits, external reviews and submissions to the DfT
- Monitoring and assessing compliance with and performance against statutory duties

### **Appointments and Remuneration Committee**

The Appointments and Remuneration Committee is chaired by Ron Barclay-Smith. It has four Members, met four times in 2020/21 and considered a range of workforce issues, including:

- The appointment of the BTP Chief Constable
- Approving staff and officer pay awards and pensions recommendations
- Reviewing the performance of the Chief Constable and Chief Officer Group, BTPA's Chief Executive and BTPA's Chief Financial Officer

### **Performance and Delivery Committee**

The Performance and Delivery Committee is chaired by Dominic Booth. It has five Members, met four times during 2020/21 and considered a range of standing and thematic matters as set out in its annual plan of work for 2020/21, including:

- Assessing financial reports, including performance against annual and medium-term financial plans and ensuring the effective review by BTPA of financial performance
- Assessing progress against strategy, delivery and spend on capital projects and major revenue schemes
- Assessing and providing challenge on BTP's operational and organisational performance and efficiency against criteria which are defined in the strategic plan
- Overseeing the development and maintenance of BTP's capability and representation as set out in the people strategy through the monitoring of key HR data
- Developing BTPA's oversight of the police legitimacy agenda
- Ensuring, as the legal employer of police staff and officers, compliance with relevant employment legislation
- Approving the final policing charges to be defrayed across funders

### **Strategy and Planning Committee**

The Strategy and Planning Committee is chaired by Andrew Pollins. It has six members, met four times during 2020/21 and was created to ensure an integrated approach to the development of the Strategy, Medium Term Financial Plan, Policing Plan and annual Budget, through:

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

- Outlining the desired culture and behaviours in alignment with the Strategy
- Overseeing the development of subordinate strategies including those relating to people, equality and diversity
- Preparing the Policing Plan in line with strategy and stakeholder requirements
- Agreeing performance metrics with BTP
- Advising on the preparation of the annual budget
- Ensuring effective consultation with stakeholders in the preparation of the strategy, medium term financial plan, budget and Policing Plan
- Approving business cases in line with delegation limits set out in the code of governance
- Reviewing annual provisional Policing Service Agreement charges

### **Scottish Railways Policing Committee**

The Scottish Railways Policing Committee is chaired by Bill Matthews. It has three Members from BTPA and two co-opted Members from the Scottish Police Authority (SPA). It met four times in 2020/21 and was created to provide assurance to the BTPA, SPA and Scottish Government Ministers on the delivery of railway policing in Scotland through:

- Recommending to the BTPA the Scottish Railways Policing Plan, ensuring that there has been effective consultation with stakeholders
- Providing oversight of developmental plans and policies, scrutinising policing performance against agreed plans and statutory requirements
- Ensuring agreed improvements recommended by external inspections and reviews are implemented

## **Governance Structure at 31 March 2021**

### **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
- Providing an assurance function
- Developing plans and strategies to complement the formal governance structure such as a Stakeholder Engagement Plan
- 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

### **Sub-Committees**

#### **Appointments and Remuneration**

- 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

## **Pensions Working Group**

- Provide oversight of the police officer and police staff pension schemes
- Endorse recommendations on pensions to the Appointments and Remuneration Committee

## **Performance and Delivery**

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

## **PSA Holder Sub- Group**

- Consideration and options for resolution of any disputes arising from PSA / EPSA holders

## **Strategy and Planning**

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

## **Transformation Working Group**

- Provide oversight and challenge to allow the Authority to undertake its assurance role of the Transformation programme
- Support the delivery of the Transformation programme

## **Chief Officer Group**

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

## **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 2021
- Capture learning and trends from reviews

## 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	Number of Audit and Risk Assurance Committees attended/number of Committee dates available	Number of Performance and Delivery Committees attended/number of Committee dates available	Number of Strategy and Planning Committees attended/number of Committee dates available
Ron Barclay-Smith	6/6	4/4			
Dominic Booth	6/6			4/4	
William Matthews	4/6				4/4
Andrew Pollins	5/6		3/4		4/4
Mark Phillips 1	3/3	2/2	2/2		
Stella Thomas	6/6			4/4	4/4
William Gallagher	6/6				4/4
Martin Richards	5/6	4/4		4/4	
Beverley Shears	5/6	4/4			4/4
Graham Evans	6/6		4/4		4/4
Andrew Cooper	6/6	4/4		4/4	
Kenna Kintrea	6/6		4/4		4/4
Sir Craig Mackey	6/6		4/4	4/4	

1 Mark Phillips' term ended on 5 November 2020.

<b>Member name</b>	<b>Number of Scottish Railways Policing Committees attended / number of Committee dates available</b>	<b>Number of Policing Plan Working Groups attended / number of meeting dates available</b>	<b>Number of Pension Working Groups attended / number of meeting dates available</b>	<b>Number of Transformation Working Groups attended / number of meeting dates available</b>	<b>Number of PSA Sub-Group meetings attended / number of meeting dates available</b>
Ron Barclay-Smith					2/2
Dominic Booth	4/4				2/2
William Matthews	4/4		6/6		
Andrew Pollins					
Mark Phillips 1				3/3	
Stella Thomas		3/3			
William Gallagher	4/4	3/3			
Martin Richards		3/3	1/1		2/2
Beverley Shears			6/6		
Graham Evans			6/6		
Andrew Cooper		3/3	1/1	4/4	
Kenna Kintrea				4/4	
Sir Craig Mackey				4/4	

1 Mark Phillips' term ended on 5 November 2020.

## **Policing Plan Working Group**

The Policing Plan Working Group is chaired by Martin Richards. It has four Members and is an annual task and finish group, which usually meets twice between October and March to determine BTP's national and local targets. These targets are subsequently published in annual policing plans approved by BTPA at its March Authority meeting.

## **Pensions Working Group**

The Pensions Working Group, chaired by Bill Matthews, was originally set up to review and oversee the adoption of a new pension scheme for Police Officers. The working group is now in the process of finalising its review of the current Police Staff Scheme, and also provides the oversight for the actuarial valuations of both the Police Officer and Police Staff Pension Schemes.

## **Transformation Working Group**

The Transformation Working Group, chaired by Sir Craig Mackey, was set up to review and oversee the delivery of the BTP transformation programme, maximising the future benefits to BTP and all rail partners. Reporting into the Authority, there is Member representation from the Performance & Delivery Committee and the Strategy and Planning Committee.

## **PSA Holder Sub-Group**

The PSA (Police Service Agreement) Sub-Group, chaired by Ron Barclay-Smith, was set up as a principal forum for the consideration and options for resolution of any disputes arising from PSA / EPSA holders.

## **Executive Team**

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

BTPA's Chief Executive Officer is appointed the Accounting Officer by the Principal Accounting Officer at the DfT.

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**

BTP/A have continued their risk maturity journey throughout 2020/21 to enhance and embed risk management across the organisation in line with the best practice set out in the Government's Orange Book.

There has been significant improvement in how strategic risks are identified, presented and discussed at board level, coupled with a bottom-up approach for risks to be escalated to management from projects, functions and divisions. A new Enterprise Risk Management Framework and Policy was published.

Risks are assessed using a 5 x 5 impact and probability matrix. The joint BTP/A Executives regularly review both strategic risks and the underlying operational and organisational risks affecting the strategic risks.

Through the Audit and Risk Assurance Committee, Members and management provide scrutiny over the risks and monitor key actions to mitigate the highest risks. A risk summary is also presented alongside the agenda of all other Authority committees to encourage a focus on the highest risk areas.

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/A against risk appetite, to embed risk into the decision-making processes and to conduct deep dives into the strategic risks and their corresponding controls.

The current assessment of the Strategic Risk Register and uncertainties facing the BTP/A are presented below.

## Principal Risks and Uncertainties

### 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 2021/22
- Risk expected to decrease in 2021/22

### Risk

Failure to manage the impact of political change; follow relevant laws, regulations, business rules and ethical codes

### Strategic aims

Protecting People

Reducing Delays and Disruption

### Mitigating Actions in place

- Regular review of compliance and critical areas of risk at functional boards, escalated when required to the Audit, Risk, Inspection and Compliance Board, Force Executive Board and the Audit & Risk Assurance Committee
- Audits of compliance with laws and regulations are completed for a selection of areas, with remedial actions monitored to completion. These comprise second and third line of defence audits
- Regular BTP/A engagement and meetings with government liaison teams, industry and police stakeholders, to understand and influence changes to the rail industry. This includes potential changes to how rail companies are funded
- Policing Conduct Regulations, affecting how BTP/A investigate complaints, have been successfully implemented. Training has been provided to police and investigators
- The Scottish Railways Policing Committee allows greater collaboration with the Scottish Government and the Scottish Police Authority

### Future Trend

Risk expected to remain stable

This risk continues to be stable. There are emerging external developments in respect of the future structure and operation of the railways and possible risk from public inquiries.

**Covid-19 impact: New laws and regulations, across three nations, pose an increased risk; a slowdown of major political change due to Covid-19 stabilises the risk.**

## **Risk**

Failure to protect the health and safety of employees, operational partners and the public.

### **Strategic aims**

Protecting People

Reducing Delays and Disruption

### **Mitigating Actions in place**

- Health, Safety and Wellbeing governance structure in place, defining responsibilities and including a committee structure which works at all levels across the organisation and allows issues to be escalated to senior management
- Delivery of annual audit programme for health and safety and monitoring remedial actions
- Wellbeing placed at the heart of the strategy to drive cultural change in this area. Additional wellbeing support in place, particularly to support new challenges driven by the pandemic
- Government guidance for Covid-19 is being followed, including issuing of Personal Protective Equipment (PPE), understanding emergency legislation and facilitating remote working for staff where possible. BTP have implemented Covid-19 secure measures across the estate and use a Command Structure to enable top-down communications and bottom-up escalations

### **Future Trend**

Risk expected to decrease in 2021/22

The Health, Safety and Wellbeing team are at full complement; a new Strategy and Policy has been approved and governance has been strengthened. Work continues to promote a positive culture change in this area and reduce the risk.

**Covid-19 impact: The pandemic has increased the risk but mitigations in place, including the Command Structure, have stabilised the risk.**

## **Risk**

Failure to protect and effectively manage data, critical assets and infrastructure

### **Strategic aims**

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

### **Mitigating Actions in place**

- Implementation of new IT Infrastructure to ensure BTP/A have a stable and future-proofed network
- Cyber Security Response Plan in place to ensure BTP/A are alert and equipped to deal with the impact of a cyber threat
- IT Health Check completed, with all critical issues resolved. Internal Audit of Cyber Security completed with action plan in place and agreed
- Identification of critical suppliers and monitoring through a Strategic Commercial Board
- Business Continuity Plans and Testing in place and Disaster Recovery tests completed aligned to an annual plan
- A Condition Survey has been undertaken across the Estate, with remedial actions being tracked by the Estates Board. An Estates Strategy is in place to ensure BTP offices are located where there is greatest demand and BTP's future ways of working, including agile working, considered
- Physical security across the whole BTP estate reviewed, including penetration tests done. Remedial action plans have been created

### **Future Trend**

Risk expected to decrease in 2021/22

Despite improvements to the IT infrastructure, recruitment of a new Chief Technology Officer and a new approach to business continuity, there remain some challenges to stabilising the IT network.

**Covid-19 impact: Increased short term risks due to remote working; heightened risks of fraud and theft seen across government due to the pandemic.**

## **Risk**

Loss of confidence in BTP/A by rail industry, Government, the public and the media

### **Strategic aims**

Protecting People

Building A Skilled and Specialist Workforce

### **Mitigating Actions in place**

- An External Engagement Plan and stakeholder database is used to manage and coordinate stakeholder activity
- Active stakeholder engagement and consultation on plans, priorities, targets and, where appropriate, charging arrangements. This was critical throughout Covid-19 and continues as the volume of passenger numbers fluctuates
- Continue to conduct and act on passenger and stakeholder surveys
- Timely and regular communication to the industry of indicative and actual charges and consultation over charges
- The Scottish Railways Policing Committee allows for closer working with counterparts in Scotland
- Moving the Needle Plan published to document commitment towards diversity and inclusion
- BTP continues to monitor the outputs and implement recommendations from the Manchester Arena Inquiry to maintain public confidence and trust

### **Future Trend**

Risk expected to remain stable

BTP/A continue to improve stakeholder relations by managing expectations, communicating strategies and explaining policing rules where public and stakeholder perceptions may vary from policing regulations. There is an increased risk around legitimacy and confidence in policing, where public and media captured images may not reflect reality. Race and inclusion information (internal and external) continues to be monitored by BTP/A.

**Covid-19 impact: Increased stakeholder risks in the short term; possible scrutiny of response to the pandemic could follow.**

## **Risk**

Management of change; Failure to manage internal and external change

### **Strategic aims**

Providing Value for Money

Building A Skilled and Specialist Workforce

### **Mitigating Actions in place**

- Approved Efficiency Plan in place which tracks cashable and non-cashable benefits
- Transformation Working Group established to ensure joint BTP/A oversight of the portfolio of change
- Benefits management framework embedded and subject to audit
- Horizon scanning to identify potential threats and opportunities and their implications
- Engagement and consultation regarding changes to staff pension scheme and cross-government pay pause

### **Future Trend**

Risk expected to remain stable

This was the final year of the BTP2021 Transformation programme and there is now a need to evaluate the impact of this and create a new change programme to support BTPA's new strategy and drive further efficiencies.

**Covid-19 impact: An opportunity emerged to allow transformation to accelerate and for agile working.**

## **Risk**

Failure to manage the threats to the long-term sustainability of the BTP fund

### **Strategic aims**

Providing Value for Money

### **Mitigating Actions in place**

- Monthly review of financial activity and controls at the Force Executive Board; Quarterly review of financial performance and controls at the Finance Assurance Board, Performance and Delivery Committee and the Audit and Risk Assurance Committee
- Five-year Medium-Term Financial Plan agreed in December 2020, incorporating long-term efficiencies
- Detailed counter-fraud action plan in place with compliance return submitted to ARAC and DfT every quarter
- Working with industry to understand the effects of low passenger numbers during Covid-19 and wider economic uncertainties. BTPA has carried out a risk assessment on all funders and monitors debtors and cashflow on a regular basis
- Centralisation of budgets to enable clearer financial analysis and reporting

### **Future Trend**

Risk expected to increase in 2021/22

There are longer term pressures including funding the pension schemes, major capital works such as the Emergency Services Network and new premises. The upcoming Spending Review may not result in government funding for these.

**Covid-19 impact: Economic viability of funders presents a risk to BTP/A both in terms of affordability of the charges levied and the ability of funders to continue to pay. Reduced ability to take annual leave has resulted in a large annual leave accrual.**

## **Risk**

Failure to provide the capacity and capability to prepare for and manage a major incident including terrorist attacks

### **Strategic aims**

Protecting People

Reducing Delays and Disruption

### **Mitigating Actions in place**

- BTP is embedded in the National Counter Terrorism Network with regular access to national intelligence on the terrorist threat to the UK
- Lessons learned from previous incidents incorporated into BTP's preparedness
- Regular briefings to officers and staff on threat level, alongside close industry working
- Planning, exercising and testing of incident / Counter Terrorism capability monitored by a dedicated Superintendent
- BTP Counter Terrorism Strategic Threat and Risk Assessment in place and subject to regular review
- Counter Terrorism Hubs in Birmingham and Manchester enhance capability outside of London
- Resilience forums in place to allow for rapid mobilisation

### **Future Trend**

Risk expected to decrease in 2021/22

The national threat level in the UK has reduced to 'Substantial'. BTP works closely with industry to minimise the impact of a terrorist attack and continues to pursue engagement and collaboration with the Home Office to ensure a cohesive response.

**Covid-19 impact: BTP has also stood up a critical incident in response to Covid-19, working with partners to ensure it can effectively support the public and keep the rail network safe.**

## **Risk**

Failure to provide effective policing across the rail network

### **Strategic aims**

Protecting People

Reducing Delays and Disruption

Providing Value for Money

Building A Skilled and Specialist Workforce

### **Mitigating Actions in place**

- Policing Plan agreed with key stakeholders and published, with a quarterly independent review of progress by the Performance and Delivery Committee
- Targeted BTP activity on high risk and high threat areas e.g. violent crime, County Lines, counter terrorism
- Workforce planning tool in place to manage resourcing levels
- Force performance, compliance and trend analysis reviewed on an ongoing basis
- Additional national funding secured to deal with crime connected to County Lines
- Training provided to rail staff to encourage them to report crime
- Public order training provided

### **Future Trend**

Risk expected to remain stable

This risk remains stable since changes in legislation make it challenging to conduct policing in three separate jurisdictions: Scotland, England and Wales. Further, the changing socio-economic environment presents the risk of increased levels of crime and safeguarding incidents in the short term. This, combined with the expansion of the railway with major infrastructure projects will require additional policing resources.

**Covid-19 impact: With varying passenger numbers and a very different external environment, the demand and types of crime reported have changed. Officers have had to respond to this new environment and the short-term challenges it presents.**

## **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 forcewide 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. The Covid-19 pandemic has changed how and where employees work, with increased demands for agile and remote working. This presented new risks. We have supported different methods of accessing internal information and communicating and collaborating with colleagues and external contacts. There is a fine balance to ensure uninterrupted service in these challenging circumstances, whilst continuing to ensure appropriate levels of security, confidentiality and integrity of systems and information. The Information Management function has supported and assured a number of these initiatives.

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 2020/21 there were 52 (2019/20: 45) incidents involving personal data breaches which were assessed for threat, risk and harm to individuals. Of these, three were reported to the Information Commissioner (ICO) during this period (2019/20: 3) but to date no action has been taken against BTP/A. BTP continues to take a proactive approach to report within the prescribed notification period of 72 hours from being aware of a potential incident.

There were six Data Protection Concern referrals received from the ICO in 2020/21 (2019/20: 6). None required substantive further action beyond communication of our position.

## **Other assurance activities**

### **Internal Audit**

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

The 2020/21 annual internal audit plan outlined eight audits. Despite the challenges of responding to Covid-19 and performing audits remotely, seven audits were completed this year. GIAA supported efforts to review the changing risk environment due to Covid-19 and worked with the BTPA to revise the plan and incorporate an audit based on a specific Covid-19 risk.

Reflecting improvements to governance and internal controls, the 2020/21 annual internal audit plan provided a 'moderate' assurance rating (2019/20: 'limited'). This means that "Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control." Management agrees with this rating, noting themes where improvements were recorded through the audits as well as the areas that still require some focus.

The action plans for areas that obtained 'limited' ratings, cyber security and e-expenses, are being closely monitored. Despite the pace of change in ways of working as a result of the pandemic, GIAA observed a continued focus on key controls.

Management continues to identify areas requiring improvement, particularly where last year it was noted that transformation initiatives impacted on the control environment. The auditors noted this proactivity in being willing and able to identify issues and provide a better level of scrutiny over these. Increased collaboration and joint working between BTPA and BTP have aided this oversight and responsiveness.

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 & 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 DfT each year to allow them to gain assurance on specific areas of governance and internal control. BTPA finds it a valuable process to obtain assurance of key areas across the organisation and continues to mature the approach to the MAR. Other sources of assurance are reviewed, an assessment is done over governance, control and risk management in each area, and the MAR is reviewed quarterly at the Audit & Risk Assurance Committee to understand any quarterly changes in ratings.

The MAR this year showed a mix of results across the organisation – with many scores remaining stable compared to last year, some scores increasing towards 'substantial' assurance ratings and some decreasing to 'moderate' or 'limited'. The areas of Assurance Management, Performance Management and Business Continuity increased to substantial. There were four areas of limited assurance within the 2020/21 MAR (two in 2019/20) which reaffirmed the focus needed on Health and Safety,

Risk Management, Physical Security and Cyber Security. Some of the ratings have reduced since last year due to the rigour and more intrusive nature of our self-assessment. However, there is still work to do in terms of embedding new / amended control environments in areas impacted by transformation, and as part of that, ensuring that new / amended processes can withstand the reduction in resources.

Health and Safety remained a 'limited' rating. BTPA acknowledges the volume of work done in the area over the course of the year but couldn't provide more than a 'limited' rating this year since work in some areas was still in progress throughout the year. Since the MAR was submitted, new Wellbeing, Health and Safety strategy, policy and governance have been approved. The function is fully resourced and is working towards improving the culture towards health, safety and wellbeing as well as its systems to record and report incidents. The internal audit conducted in the last quarter of 2020/21 endorsed the positive efforts in Health and Safety, rating it as 'moderate'.

Similarly, with Risk Management, at the reporting period for the MAR work was still ongoing. A combination of resourcing and responding to Covid-19 meant work to mature and embed risk management didn't progress as quickly as planned. A new Enterprise Risk Management policy and framework was approved by the Audit & Risk Assurance Committee in March 2021 and subsequent training provided both to the Authority and to risk owners across the organisation. Risk Management will be audited by Internal Audit in 2021/22 where a marked improvement is expected to be seen in this area.

Cyber security and physical security are two areas where the rating has decreased to 'limited' this year. An internal audit in cyber security was recorded as 'limited' and the IT Health Check highlighted some immediate remedial actions. Physical security was identified as an area of concern when the Audit, Risk, Inspection and Compliance Board reviewed and noted a security review of the BTP Estate was overdue alongside an update of policy and procedure documents. Work is underway to address the remedial actions in both areas.

Despite the reduction in some of the ratings over the year, management are committed to continuous improvement and maintaining a strong control environment. In many areas, improvements are already being seen due to the MAR action plan, risk assessments and internal reviews. The MAR actions are tracked to completion and overseen quarterly at the Audit & Risk Assurance Committee.

## **HMICFRS**

During 2020/21, BTP participated in several national thematic inspections by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS). There were no BTP-specific inspections.

In October 2020, BTP took part in the Covid-19 National Thematic Inspection, which focused on the police response to the effects of the Covid-19 pandemic. The inspection found that BTP had sound business continuity plans and clear processes for risk assessments and was complimentary about BTP's recording of Covid-19 enforcement notices.

In late 2020, BTP was interviewed by HMICFRS as an interested party as part of their Protest Policing Inspection. BTP are reviewing the Protest Policing Report published by HMICFRS to identify any activity for BTP to take forward.

In January 2021, BTP was interviewed by HMICFRS as an interested party as part of their thematic inspection of Sensitive Intelligence. The inspection examined how efficient and effective police forces and agencies are at adopting a whole-systems approach in exploiting sensitive intelligence, to keep people safe. BTP's inclusion in this was as a result of being highlighted by peers for best practice in its Sensitive Intelligence Unit Standard Operating Procedure and its security management plan, both of which have been shared with the wider Sensitive Intelligence Network.

In March 2021, HMICFRS visited BTP to review progress against its Custody Improvement Plan, since the unannounced Custody Inspection in January 2021. HMICFRS found that BTP had addressed most of the areas for improvement identified but some areas such as securing accommodation for juveniles and welfare of detainees remain. The outstanding actions are not just an issue for BTP, but for all police forces since decisions are required at a national level.

This year, planning was undertaken for the HMICFRS Inspection Planning for 2021-23. BTP will be subject to the new PEEL Inspection over the next three years, focussing on: how well BTP provides its services; how well BTP is run; and, how victims and the travelling public view BTP's services.

### **Board Effectiveness Evaluation**

BTPA has completed its data gathering for the annual Board Effectiveness Evaluation for 2020/21 and is developing its final report and action plan, which will be published on the BTPA website once approved. A key theme is recognition of the significant progress which has been made following the 2019/20 Evaluation, perhaps most notably in the transformation and efficiency of meetings, which was accelerated by the impact of the pandemic. BTPA has used technology solutions to enhance communication with members and run meetings remotely. The appointment of Lucy D'Orsi as Chief Constable and the development of a new Strategy for 2022-25 will be key drivers in progressing this area throughout 2021/22 and beyond.

Overall, Authority Members remained of the opinion that the Authority is meeting its statutory duties, whilst noting that there were areas that could be improved.

### **Information Technology**

BTP started the year continuing its BTP2021 transformation initiatives, many of which involved enhancing its Information Technology (IT) capability. Several major projects were completed during the 2020/21 period including the completion of the National Network Services (NNS) upgrade project, the data centre migration, and a support refresh on BTP's voice telephony platform. New mobile applications and services were deployed working with Digital Policing to ensure front-line officers could work effectively.

Covid-19 accelerated some of that workload since, during 2020/21, the main objective for the IT function has been around delivering the required capability and resilience to facilitate more agile ways of working. Key deliverables have included the immediate deployment of critical collaboration software including Microsoft O365 and Teams, and

the rapid deployment of new laptops and mobile devices. These measures resulted in a significant increase in remote working capability during the pandemic.

In addition, IT continued to provide critical support services ensuring the continual operational support of officers and employees. New infrastructure capability was deployed to support the force during these times, and there was an urgent focus on Cyber Security and Infrastructure resilience to ensure the smooth operational running of BTP during the crisis. This included improved and resilient infrastructure, new cloud applications and work to ensure the continual operational running of BTP's Airwave mobile network.

A new End User Computer strategy was developed and funding for a rolling hardware replacement programme was secured. During March 2021, some 1,700 aged mobile devices were replaced, and replacement of legacy mobile devices and end-user devices (laptops / desktops) will continue throughout 2021/22. In early 2021, BTP's IT Service Desk software was also replaced, bringing in a modern service management platform with new functionality and usability for its employees when raising issues or requests.

BTP's annual Information Risk Assurance return to the Home Office shows progress across several core elements in relation to IT risk management, Cyber Security and the IT business continuity capability, however there remain some areas of improvement highlighted during audits in the year. There is a Cyber Security risk register guiding increased risk in this area, particularly due to Covid-19. BTP recognises the reputational risk that could arise if a cyber security incident occurred and is committed to provide the necessary capital investment to strengthen the overall IT capability.

There were three 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.

### **Vetting Procedures**

The Vetting team experienced considerable pressures over the last year as a result of increased recruitment of officers, renewals of contractors and Railway Safety Accreditation Staff having completed their initial three-year clearance period. BTP commissioned another police force to undertake some of the vetting during the year to ensure there were no backlogs. In light of the BTP2021 changes, the size of the vetting team was reviewed and a new system procured during the year. BTP has re-introduced annual vetting checks on existing employees on a cyclical basis. To BTPA's knowledge, no material issues, including financial losses, have arisen as a result of the pressures in this function.

The changes to staffing and the system will provide an enhanced service to the customer whilst maintaining a more efficient oversight on the potential risk posed to BTP and BTPA by their employees and their extended families. The new system was launched in April 2021.

## **Legitimacy**

Professional behaviour leads to legitimate policing, which is key to maintaining public trust and confidence in policing. BTP's Professional Standards Department is responsible for upholding professionalism across the organisation. Conduct matters are investigated and, in some cases, have led to gross misconduct findings.

On 4 January 2021, the Complaints and Misconduct Regulations 2021 were adopted by BTP in collaboration with BTPA. BTPA has set up a Complaints Review Panel comprising Members and Executive staff. The regulations provide a culture change by moving from a punitive regime to one of learning from mistakes through reflective practice. Several reflective practice reports were completed over 2020/21 and positive feedback was received from both supervisors and employees who had undertaken the process. As reflective practice begins to become mainstream for minor matters, it is hoped more confidence will be placed in the system and these matters will be dealt with efficiently and effectively.

Recognising the importance of legitimacy, trust and confidence, BTP has established a new role, Chief Superintendent for Trust, Legitimacy and Community Policing, to provide a singular focus and senior leadership in this area. This work will deliver BTP's new Trust and Legitimacy Strategy. In 2020/21, BTP set up and chairs a national Diversity, Equality and Inclusion Consortium of senior leaders. The Consortium now acts as an advisor to the National Police Chiefs Council (NPCC) around diversity and inclusion, including community legitimacy work. A knowledge sharing round table has also been established involving academics, the College of Policing and individuals from key and influential groups to discuss policing issues.

Oversight and analysis of use of force 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. During 2020/21 BTP introduced a new 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.

A new structure for Independent Advisory Groups and scrutiny groups has started to be put in place. There will be a media and communications campaign to support the recruitment of a diverse group of individuals from the communities most affected by our use of powers and Trust and Legitimacy work.

## **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 Assurance meeting with the 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. 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 2020/21 and up to the approval date of the Annual Report.



**H Ind**

**Accounting Officer**

**Date 12 July 2021**

# **Remuneration Report**

## **The appointment of the Members of the Authority**

The constitution of the 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 DfT.

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 appointment for Authority members are disclosed within the Directors' Report.

## Authority Officers

<b>Authority Officers</b>	<b>Commencement of contract</b>	<b>Term expiry date</b>	<b>Notice period required months</b>
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

<b>Authority Officers</b>	<b>Commencement of contract</b>	<b>Term expiry date</b>	<b>Notice period required months</b>
Lucy D'Orsi, Chief Constable	22/03/2021	19/01/2025	6
Paul Crowther CBE, Chief Constable	01/05/2014	07/02/2021	6
Adrian Hanstock, Deputy Chief Constable	14/10/2014	13/10/2021	3
Sean O'Callaghan, Assistant Chief Constable	25/06/2018	Permanent appointment	3
Simon Downey, Director of Strategy and Change	22/04/2014	Permanent appointment	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)

	2020/21				2019/20			
	Salary £'000	Benefits in kind (to nearest £100) £	Pension Benefits £'000	Total £'000	Salary £'000	Benefits in kind (to nearest £100) £	Pension Benefits £'000	Total £'000
<b>Members</b>								
Ron Barclay-Smith <b>1</b>	30-35	–	–	30-35	40-45	–	–	40-45
Dominic Booth	15-20	–	–	15-20	15-20	–	–	15-20
William Matthews	15-20	–	–	15-20	15-20	–	–	15-20
Andrew Pollins	15-20	–	–	15-20	15-20	–	–	15-20
Mark Phillips <b>2</b>	15-20	–	–	15-20	25-30	–	–	25-30
Stella Thomas	15-20	–	–	15-20	15-20	–	–	15-20
Dyan Crowther <b>3</b>	–	–	–	–	5-10	–	–	5-10
Jeremy Mayhew <b>4</b>	–	–	–	–	10-15	–	–	10-15
Beverley Shears	15-20	–	–	15-20	15-20	–	–	15-20

**1** Ron Barclay-Smith received a payment accrued from 2018/19 in the year 2019/20, for a temporary increase in the Chair's time commitment to BTPA, agreed with the DfT's sponsor branch. This was to address a number of governance and management matters. The full year equivalent salary for this role is £30,000-35,000.

**2** 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.

**3** Dyan Crowther's membership term ended on 5th July 2019. Her full year equivalent for 2019/20 is £15,000 – £20,000.

**4** Jeremy Mayhew's membership term ended on 25th January 2020. His full year equivalent for 2019/20 is £15,000 – £20,000.

	2020/21				2019/20			
	Salary £'000	Benefits in kind (to nearest £100) £	Pension Benefits £'000	Total £'000	Salary £'000	Benefits in kind (to nearest £100) £	Pension Benefits £'000	Total £'000
<b>Members</b>								
William Gallagher	15-20	–	–	15-20	15-20	–	–	15-20
Martin Richards	15-20	–	–	15-20	15-20	–	–	15-20
Shrinivas Honap <b>5</b>	–	–	–	–	15-20	–	–	15-20
Graham Evans <b>6</b>	15-20	–	–	15-20	10-15	–	–	10-15
Kenna Kintrea <b>7</b>	15-20	–	–	15-20	10-15	–	–	10-15
Andrew Cooper <b>8</b>	20-25	–	–	20-25	10-15	–	–	10-15
Sir Craig Mackey <b>9</b>	15-20	–	–	15-20	10-15	–	–	10-15

**5** Shrinivas Honap's membership term ended on 25th February 2020. Full year equivalent in 2019/20 is £15,000 – £20,000.

**6** Graham Evans was appointed on 20th May 2019. The full year equivalent salary is £15,000 – £20,000.

**7** Kenna Kintrea was appointed on 20th May 2019. The full year equivalent salary is £15,000 – £20,000.

**8** Andrew Cooper was appointed interim Deputy Chair from 1 December 2020. The full time equivalent salary is £25,000 – £30,000.

**9** Sir Craig Mackey was appointed on 20th May 2019. The full year equivalent salary is £15,000 – £20,000.

## 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 <sup>1</sup>	150-155	–	–	34	185-190
Sarah McGarel	125-130	–	2,200	37	165-170
Ian Pigden-Bennett <sup>2</sup>	–	–	–	–	–
<b>Chief Officer Group</b>					
Lucy D'Orsi <sup>3</sup>	5-10	–	–	–	5-10
Paul Crowther CBE <sup>4</sup>	190-195	14	6,200	–	210-215
Adrian Hanstock	165-170	–	3,500	44	215-220
Sean O'Callaghan	130-135	–	200	38	165-170

<sup>1</sup> Hugh Ind was appointed as Chief Executive on 3rd June 2019. Full year equivalent salary in 2019/20 was £145,000 – £150,000

<sup>2</sup> Ian Pigden-Bennett's term as Chief Executive ended on 28th June 2019. Full year equivalent salary was £145,000 – £150,000.

<sup>3</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 2020/21 were £5,000 – £10,000 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 remain with the Metropolitan Police for the period of the secondment.

<sup>4</sup> Paul Crowther's term as Chief Constable ended on 7th February 2021. The full year equivalent is £215,000 – £220,000.

	2020/21				
	Salary	Compensation Payments	Benefits in kind (to nearest £100)	Pension benefits	Total
	£'000	£'000	£	£'000	£'000
<b>Chief Officer Group</b>					
Simon Downey	145-150	–	200	39	185-190
Robin Smith <b>5</b>	–	–	–	–	–
Tracey Martin	130-135	–	200	33	165-170
Rachael Etebar	135-140	–	–	34	170-175
Charlie Doyle	130-135	–	200	–	130-135

**5** Robin Smith's term as Assistant Chief Constable ended on 5th January 2020. Full year equivalent salary was £125,000 – £130,000.

	2019/20				
	Salary	Compensation Payments	Benefits in kind (to nearest £100)	Pension benefits	Total
	£'000	£'000	£	£'000	£'000
<b>Authority Officers</b>					
Hugh Ind <b>6</b>	110-115	–	–	26	135-140
Sarah McGarel	120-125	–	1,300	31	150-155
Ian Pigden-Bennett <b>7</b>	45-50	5	–	7	55-60
<b>Chief Officer Group</b>					
Lucy D'Orsi <b>8</b>	–	–	–	–	–
Paul Crowther CBE <b>9</b>	200-205	–	14,200	–	215-220
Adrian Hanstock	160-165	–	3,900	39	205-210
Sean O'Callaghan	120-125	–	–	24	145-150
Simon Downey	145-150	–	–	31	175-180

**6** Hugh Ind was appointed as Chief Executive on 3rd June 2019. Full year equivalent salary in 2019/20 was £145,000 – £150,000

**7** Ian Pigden-Bennett's term as Chief Executive ended on 28th June 2019. Full year equivalent salary was £145,000 – £150,000.

**8** 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 2020/21 were £5,000 – £10,000 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 remain with the Metropolitan Police for the period of the secondment.

**9** Paul Crowther's term as Chief Constable ended on 7th February 2021. The full year equivalent is £215,000 – £220,000.

	2019/20				
	Salary	Compensation Payments	Benefits in kind (to nearest £100)	Pension benefits	Total
	£'000	£'000	£	£'000	£'000
<b>Chief Officer Group</b>					
Robin Smith <b>10</b>	105-110	–	–	–	105-110
Tracey Martin	125-130	–	–	28	155-160
Rachael Etebar	130-135	–	–	29	160-165
Charlie Doyle	125-130	–	–	–	125-130

**10** Robin Smith's term as Assistant Chief Constable ended on 5th January 2020. Full year equivalent salary was £125,000 – £130,000.

## 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.

## 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 the 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.

## Pay multiples (Audited)

	2020/21	2019/20
Band of highest paid senior officer (including bonus and benefits in kind)	£220-225k	£215-220k
Median Total Remuneration	£38,936	£37,029
Ratio	5.71	5.87

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

The annualised banded remuneration of the highest paid senior officer in the 2020/21 financial year was £220k-225k (2019/20 £215k-£220k). This was the Chief Constable Paul Crowther. This was 5.71 times (2019/20 5.87 times) the median remuneration of the workforce, which was £38,936 (2019/20: £37,029).

In 2020/21 no employees (2019/20: no employees) received remuneration in excess of the highest paid Senior Officer. The remuneration of employees ranged from £17,332 to £218,422 (2019/20: £16,909 to £221,415).

Total remuneration includes salary, non-consolidated performance related pay and benefits in kind. It does not include severance payments or benefits in kind relating to

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

## **Pension benefits**

### **Railways pension scheme – Authority and BTP support staff**

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

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

Medical retirement is possible in the event of serious ill-health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow or widower pensions.

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

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

## Pension benefits (Audited)

Officials	Accrued values at pension age as at 31/03/21		Real increase values at pension age		CETV at 31/03/20	CETV at 31/03/21	Real increase in CETV
	Pension	Lump sum	Pension	Lump sum			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Authority Members</b>							
Authority Members are not eligible to join the scheme.							
<b>Authority officers</b>							
Hugh Ind	0-5	0-5	0-2.5	0-2.5	29	74	45
Sarah McGarel	5-10	5-10	0-2.5	0-2.5	37	70	33
Ian Pigden-Bennett	0-5	0-5	0-2.5	0-2.5	29	32	3
<b>Chief Officer Group</b>							
Adrian Hanstock	15-20	10-15	2.5-5	2.5-5	260	347	87
Simon Downey	10-15	10-15	0-2.5	2.5-5	201	268	67
Sean O'Callaghan	5-10	5-10	0-2.5	0-2.5	46	94	48
Rachael Etebar	5-10	5-10	0-2.5	0-2.5	62	115	53
Tracey Martin	5-10	5-10	0-2.5	0-2.5	48	90	42
Paul Crowther	Opted out of scheme 04-04-2012						
Charlie Doyle	Not a member of the scheme						

## Staff report

### Total average number of persons employed

	2020/21	2019/20 RESTATED
<b>Permanently employed staff 33</b>	4,791	4,837
<b>Temporary Staff 34</b>	120	115
<b>Special Constables 35</b>	285	286
<b>Total</b>	5,196	5,238

A restatement of the 2019/20 disclosure was required to ensure consistency of calculation basing it on headcount and employee terms of employment, rather than FTE and position.

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

	2020/21			2019/20
	Permanently employed staff	Other staff	Total	Total
	£'000	£'000	£'000	£'000
<b>Salaries and wages</b>	209,808	1,088	210,896	195,646
<b>Social security costs</b>	20,157	–	20,157	19,008
<b>Other pension costs</b>	69,145	–	69,145	80,220
<b>Sub-total</b>	<b>299,110</b>	<b>1,088</b>	<b>300,198</b>	<b>294,874</b>
<b>Less recoveries in respect of outward secondments</b>	(1,028)	–	(1,028)	(941)
<b>Total net costs</b>	<b>298,082</b>	<b>1,088</b>	<b>299,170</b>	<b>293,934</b>

Total expenditure on consultancy for 2020/21 is £826,857 (£2,428,330 in 2019/20 (restated)) and total expenditure on temporary staff is £1,087,586 (£1,070,236 in 2019/20 (restated)).

**33** Staff with a permanent (UK) employment contract.

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

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

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

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
<£10,000	21	13	1	15	22	28
£10,000-£24,999	7	7	6	17	13	24
£25,000-£49,999	3	6	3	18	6	24
£50,000-£99,999	–	–	–	3	–	3
£100,000-£149,999	–	–	–	1	–	1
£150,000-£199,999	–	–	–	–	–	–
<b>Total number of exit packages</b>	<b>31</b>	<b>26</b>	<b>10</b>	<b>54</b>	<b>41</b>	<b>80</b>
<b>Total value of packages (£'000)</b>	<b>316</b>	<b>410</b>	<b>222</b>	<b>1,288</b>	<b>538</b>	<b>1,698</b>

There were 31 compulsory redundancies amounting to £316k in 2020/21 (26 in 2019/20 amounting to £410k). There was a total of 10 other departures in 2020/21 amounting to £222k (54 in 2019/20 amounting to £1.29m).

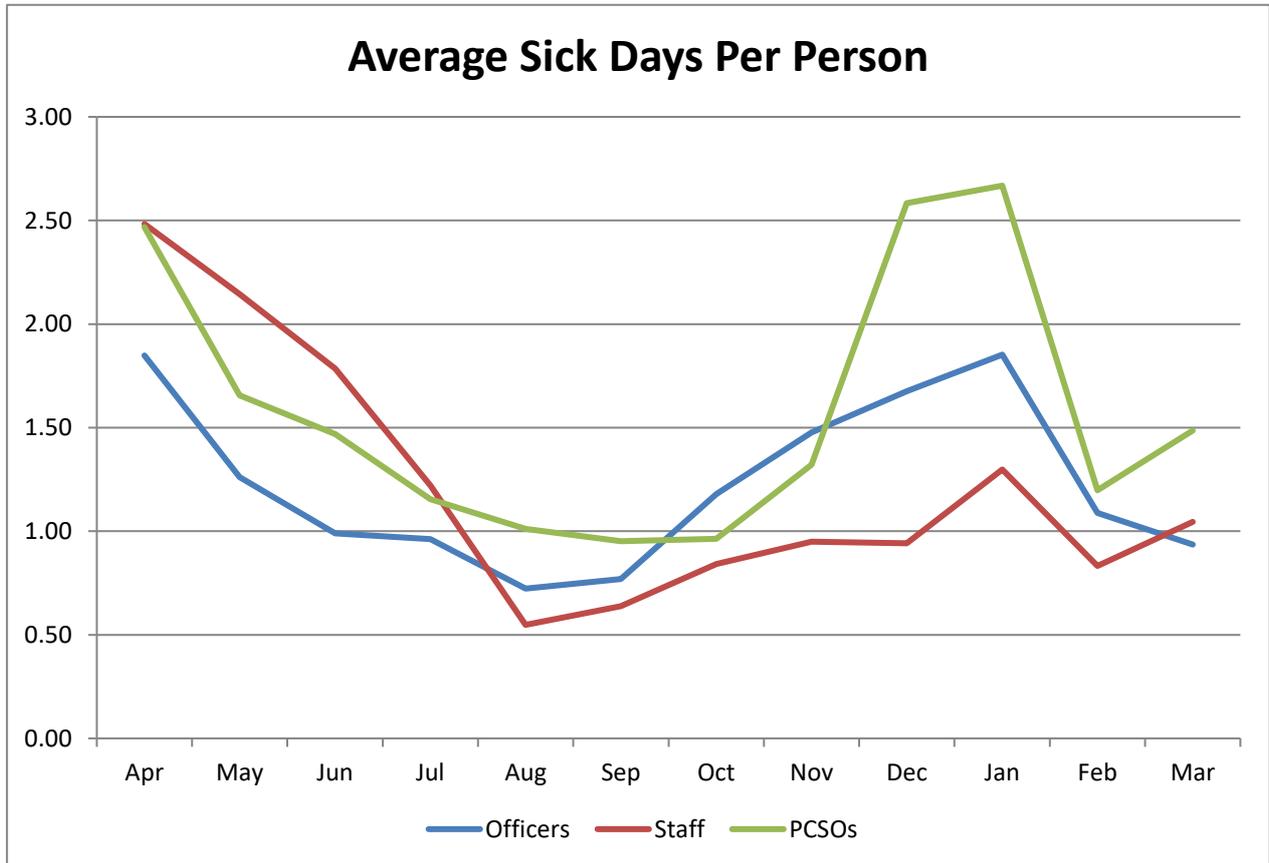
Redundancy and other departure costs have been paid in accordance with the contractual obligations of the employee contracts.

## Employee composition (Audited)

Number of persons of each gender who were employees of the entity as at 31 March 2021.

	2020/21			2019/20 Restated		
	Male	Female	Total	Male	Female	Total
<b>Authority Members</b>	9	3	12	10	3	13
<b>Authority Officers and Strategic Command Team</b>	5	4	9	6	3	9
<b>Remaining Staff</b>	3,615	1,584	5,199	3,583	1,570	5,153
<b>Total</b>	<b>3,627</b>	<b>1,591</b>	<b>5,218</b>	<b>3,597</b>	<b>1,576</b>	<b>5,173</b>

## Sickness absences



**For the year 2020/21, BTP averaged 14.9 sick duty days per person (2019/20: 9.6). This is largely attributable to Covid-19. By omitting Covid-19 related sickness the average sick days per person is 6.0.**

**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 19 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 18, 0.04022% of BTP's total pay bill of £188,236k 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

Engagements reported in the below tables have been considered using HMRC's IR35 assessment tool. All engagements deemed to be out-of-scope of the legislation are referred for legal advice as part of the assurance process.

### Off-payroll engagements as of 31 March 2021 earning £245 per day or greater for BTP and BTPA:

	2020/21
<b>Total engagements at the reporting date</b>	<b>3</b>
Number of existing engagements that have existed for:	
– less than 1 year at the reporting date	1
– between 1 and 2 years at the reporting date	2
– 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

### No. of off-payroll workers engaged at any point between 1 April 2020 – 31 March 2021, earning £245 or greater for BTP and BTPA:

	2020/21
<b>No. of off-payroll workers engaged between 1 April 2020 – 31 March 2021</b>	<b>19</b>
Number assessed in scope of IR35	18
Number assessed as out of scope of IR35	1
Number engaged directly (via a personal service company contracted to the organisation) and are on the organisation's payroll	0
Number of engagements reassessed for consistency / assurance purposes during the year	1
Number of engagements whose IR35 status changed following reassessment	0

**Off-Payroll Engagements of board members and/or, senior officials with significant financial responsibility between 1 April 2018 and 31 March 2019 for BTP and BTPA**

	<b>2020/21</b>
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

**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. 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.

# Parliamentary Accountability and Audit Report

## Regularity of expenditure:

### Losses and Special payments (audited)

	2020/2021	2019/2020
Total number of losses and special payments	165	226
Total value of losses and special payments	£1,765,330	£1,584,269
<b>Losses statement</b>		
Number of losses	34	66
Value of losses	£758,966	£320,750
<b>Special payments statement</b>		
Number of special payments	131	160
Value of special payments	£1,006,364	£1,263,519

#### Losses:

Upon receiving the appropriate authorisation, a number of unusable uniform items have been physically destroyed in the current year. The total value of this stock at time of disposal was £714,602. This has been classed as one individual loss for this disclosure. There are no other individual losses in excess of £300,000.

#### Special payments

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

A total of £827,657 (£663,697 for 2019/20) was paid to settle legal claims from former employees and the public. There was no individual payment in excess of £300,000.



**H Ind**

**Accounting Officer**

**Date 12 July 2021**

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

## **Opinion on financial statements**

I certify that I have audited the financial statements of British Transport Police Fund for the year ended 31 March 2021 under the Railways and Transport Safety Act 2003. The financial statements comprise: Statement of Comprehensive Income, Financial Position, Cash Flows, Changes in Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of British Transport Police Fund's affairs as at 31 March 2021 and of its net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Railways and Transport Safety Act 2003 and Secretary of State directions issued thereunder.

## **Opinion on regularity**

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

## **Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), 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 British Transport Police Fund is adopted in consideration of the requirements set out in HM Treasury's Government 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 parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's certificate thereon. The British Transport Police Authority and the Accounting Officer are 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 parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Railways and Transport Safety Act 2003;
- the information given in Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which I report by exception**

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

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

## **Responsibilities of 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:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Authority and the Accounting Officer determine is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- 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 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 examine, 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 certificate 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the British 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 Railways and Transport Safety Act 2003 and Managing Public Money.
- discussing among the engagement team and involving relevant internal specialists, including pension specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals.
- obtaining an understanding of British Transport Police Fund's framework of authority as well as other legal and regulatory frameworks that the British Transport Police Fund operates in, focusing on those laws and regulations that had a direct effect on 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.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- 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; and
- in addressing the risk of fraud in non PSA revenue recognition; assessing controls relating to recognition of non PSA revenue, sample testing income balances and agreeing items back to source records and underlying contracts; and confirming with management that there were no known issues or disputes with customers that had come to light subsequent to the year-end, that would challenge the appropriateness of revenue recognised during the period.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams 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.

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**

**Comptroller and Auditor General**

**Date 14 July 2021**

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

### 3. Financial Report

#### Statement of comprehensive income

For the year ended 31 March 2021

		31 March 2021	31 March 2020
	Note	£'000	£'000
<b>Income</b>			
Police Service Agreement	6	230,052	243,867
Other Income	6	89,786	61,395
		319,838	305,262
<b>Expenditure</b>			
Staff costs	7	(299,170)	(293,934)
Depreciation and amortisation	8	(18,773)	(17,437)
Other expenditure	8	(55,002)	(55,171)
		(372,945)	(366,542)
<b>Operating deficit</b>		<b>(53,107)</b>	<b>(61,280)</b>
Net interest receivable		51	110
Net interest payable for pension schemes	23	(13,090)	(18,120)
Finance expense	8	(476)	(426)
<b>Net deficit for the financial year</b>		<b>(66,622)</b>	<b>(79,716)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified</b>			
Net gain / (loss) on revaluation of non-current assets	22	(42)	977
Actuarial gains / (losses) on defined benefit pension schemes	22	(403,309)	276,270
		(403,351)	277,247
<b>Total comprehensive surplus / (deficit) for the year ended 31 March 2021</b>		<b>(469,973)</b>	<b>197,531</b>

Any net surplus / (deficit) 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 2021**

		31 March 2021	31 March 2020
	Note	£'000	£000
<b>Non-current assets</b>			
Property, plant and equipment	9	64,169	62,475
Intangible assets	10	3,521	5,568
<b>Total non-current assets</b>		<b>67,690</b>	<b>68,043</b>
<b>Current assets</b>			
Inventories	12	67	48
Trade and other receivables	13	21,284	19,477
Cash and cash equivalents	14	36,571	39,093
<b>Total current assets</b>		<b>57,922</b>	<b>58,618</b>
<b>Total assets</b>		<b>125,612</b>	<b>126,661</b>
<b>Current liabilities</b>			
Trade and other payables	15	(51,818)	(47,731)
Provisions for liabilities and charges	16	(6,376)	(7,280)
<b>Total current liabilities</b>		<b>(58,194)</b>	<b>(55,011)</b>
<b>Non-current assets plus net current assets</b>		<b>67,418</b>	<b>71,650</b>

<b>Non-current liabilities</b>			
Pension liabilities	23	(1,039,126)	(579,327)
Other payables	15	(15,736)	(16,910)
<b>Total non-current liabilities</b>		<b>(1,054,862)</b>	<b>(596,237)</b>

<b>Assets less liabilities</b>		<b>(987,444)</b>	<b>(524,587)</b>
<b>Taxpayers' net (deficit)</b>			
Income and expenditure reserve	22	46,463	49,479
Revaluation reserve	22	5,219	5,261
Pension reserve	22,23	(1,039,126)	(579,327)
		<b>(987,444)</b>	<b>(524,587)</b>

The financial statements on pages 84 to 143 were approved by the Authority on 23/06/2021 and were signed on its behalf by:

A handwritten signature in black ink, appearing to read 'H Ind', with a large loop at the end.

**Hugh Ind**  
**Accounting Officer**  
**Date 12 July 2021**

## Statement of changes in taxpayers' equity

For the year ended 31 March 2021

		Income and expenditure reserve	Revaluation reserve	Pension reserve	Total reserves
	Note	£'000	£'000	£'000	£'000
Balance at 01 April 2019		54,307	4,243	(781,607)	(723,057)
<b>Changes in taxpayers' equity 2019/20</b>					
First time adoption of IFRS 16	9,10,22	415	–	–	415
Net gain / (loss) on revaluation of property, plant and equipment and intangible assets	22	–	1,501	–	1,501
Actuarial Gains / (Losses)	22	–	–	276,270	276,270
Net deficit for the year	9,10,22	(79,716)	–	–	(79,716)
Transfer to / from Reserves	23	74,473	(483)	(73,990)	–
<b>Balance at 31 March 2020</b>		<b>49,479</b>	<b>5,261</b>	<b>(579,327)</b>	<b>(524,587)</b>
<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)	–

		<b>Income and expenditure reserve</b>	<b>Revaluation reserve</b>	<b>Pension reserve</b>	<b>Total reserves</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Grant funding recognised	22	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>

## Statement of cash flows

For the year ended 31 March 2021

		2020/21	2019/20
	Note	£'000	£'000
<b>Cash flows from operating activities</b>			
Net deficit for the financial year		(66,622)	(79,716)
<b>Less non-cash adjustments</b>			
(Profit) / Loss on disposal of non-current assets	8	(146)	(111)
(Increase) / Decrease in trade and other receivables	13	(1,807)	158
(Increase) / Decrease in inventories	12	(19)	818
Increase / (Decrease) in trade and other payables falling due within one year	15	8,513	2,896
Increase / (Decrease) in trade and other payables due after more than one year	15	(1,174)	(674)
Increase / (Decrease) in provisions	16	(904)	(948)
Depreciation of property, plant and equipment	9	11,316	11,201
Depreciation of right-of-use assets	9	4,905	3,209
Amortisation of intangible assets	10	2,552	3,027
IAS 19 Pension adjustment	23	43,400	55,870
Net interest payable for pension schemes	23	13,090	18,120
Finance expense	8	476	426
Derecognition of assets under construction	9,10	116	679
Less cash item classified elsewhere within statement of cash flows		(51)	(110)
Net cash flow from operating activities		13,645	14,845
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9	(17,683)	(10,207)
Purchase of intangible assets	10	(428)	(1,178)
Proceeds from disposal of assets		288	182
Interest paid / (received)		–	–
<b>Net cash flow from investing activities</b>		<b>(17,823)</b>	<b>(11,203)</b>
<b>Cash flows from financing activities</b>			
Capital repayment of right-of-use liabilities	19	(4,902)	(3,529)
Grant funding received		6,507	–

		2020/21	2019/20
	Note	£'000	£'000
Interest received		51	110
<b>Net cash flows from financing activities</b>		<b>1,656</b>	<b>(3,419)</b>
<b>Net increase / (decrease) in cash and cash equivalents in the period</b>		<b>(2,522)</b>	<b>223</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>39,093</b>	<b>38,870</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>36,571</b>	<b>39,093</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 2020/21 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRoM 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 2020/21 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 the 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 the SoCI.

## **2.8 Disposals**

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

## **2.9 Impairment of 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, the 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 Income**

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). PSA's are in accordance with the Railways and Transport Safety Act 2003, and set out the obligations for both the Authority and the rail 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. EPSA's exist where a rail operator requests a dedicated service alongside a PSA or to tackle a specific issue. The rail operator will be charged the full cost of providing the EPSA. The costs are charged in year, in line with the service provided as the performance obligations are met. EPSA's are contracted for a specific period, and rebates are given where the service provided was below the performance obligation.

Grant in aid received from DfT is recognised on a cash basis through the statement of changes in taxpayers equity. This treatment is in accordance with IAS 20 as interpreted by the FReM.

## **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 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 (PES) papers as their incremental borrowing rate. The discount rate issued by the HM Treasury was 1.27% which has been applied by BTP for leases that commence or are remeasured prior to January 2021 and in the 2020 calendar year and 0.91% for the full calendar year 2021.

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 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**

BTPA 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 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.

## **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 benefits**

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

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

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

## **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.

## **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 according to the Enhanced Police Service Agreements.

## **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. Force Head Quarters based in Camden retains overall command of the Force's activity and houses central departments and functions. Whilst direct costs are monitored on a divisional basis, a large proportion of overhead expenditure is generated centrally. The majority of income is also generated and monitored centrally rather than on a divisional basis. Furthermore, assets and liabilities are not analysed in this way due to them not being reported internally on a segmental basis.

	2020/21	2019/20
	£'000	£'000
<b>Divisions</b>		
B Division – East of England and Transport for London	80,806	93,926
C Division – Pennine, Midlands, South West England and Wales	47,437	56,696
D Division – Scotland	10,645	11,921
Remaining overheads	234,057	203,999
<b>Total expenditure before finance expenses</b>	<b>372,945</b>	<b>366,542</b>

## 6. Income

	31 March 2021	31 March 2020
	£'000	£'000
Police Service Agreement income	230,052	243,867
<b>Other income</b>		
London Underground Agreement income	71,426	41,016
Enhanced Police Service Agreement income	16,146	17,611
Smaller funding agreements	760	685
Other income	1,080	1,942
Capital funding	374	141
Sub-total	89,786	61,395
<b>Total</b>	<b>319,838</b>	<b>305,262</b>

The British Transport 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 in an EPSA. The enhanced service is charged at full cost in accordance with the specific customer agreement.

## 6.3 London Underground Agreement

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

## 6.4 Other income

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

## 7. Staff numbers and related costs

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

	2020/21			2019/20
	Permanently employed staff £'000	Other staff £'000	Total £'000	Total £'000
<b>Total staff costs consist of:</b>				
Salaries and wages	209,808	1,088	210,896	<b>195,646</b>
Social security costs	20,157	–	20,157	<b>19,008</b>
Other pension costs	69,145	–	69,145	<b>80,220</b>
<b>Sub-total</b>	<b>299,110</b>	<b>1,088</b>	<b>300,198</b>	<b>294,874</b>
Less recoveries in respect of outward secondments	(1,028)	–	(1,028)	<b>(941)</b>
<b>Total net costs</b>	<b>298,082</b>	<b>1,088</b>	<b>299,170</b>	<b>293,934</b>

## 8. Other expenditure

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

		2020/21	2019/20
	Note	£'000	£'000
Staff related costs		4,355	3,685
Communications and computers		16,613	15,061
Operational expenses		4,109	3,931
Administrative expenses		1,661	1,714
Professional services		1,733	3,873
Legal and Insurance		1,551	3,772
Equipment purchases		2,729	2,415
Rentals under operating leases		4,778	4,839
Premises (excluding rentals under operating leases)		11,864	10,507
Transport costs		5,688	5,471
Other 1		(79)	(97)
<b>Other expenditure</b>		<b>55,002</b>	<b>55,171</b>
Depreciation of property, plant and equipment	9	11,316	11,201
Depreciation of right-of-use assets	9	4,905	3,209
Amortisation of intangible assets	10	2,552	3,027
<b>Depreciation and amortisation</b>		<b>18,773</b>	<b>17,437</b>
<b>Finance expense</b>		<b>476</b>	<b>426</b>
<b>Total</b>		<b>74,251</b>	<b>73,034</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 £120k for auditor's remuneration for audit work related to 2020/21 (2019/20: £103.5k).

1 Included within "Other" is (profit) / loss on disposal of assets of £146k profit (2019/20: £111k profit) and no stock provision was recognised during the year (2019/20: £677k). The remainder of the balance is made up of sundry items.

## 9. Property, plant and equipment

	Leasehold improve- ments	Plant and machinery	Motor Vehicles	Assets under construction – Motor Vehicles	Assets under construction – Other	Right- of-Use Assets	Fixtures and fittings	IT equip- ment	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>									
<b>As at 1 April 2020</b>	<b>44,110</b>	<b>17,095</b>	<b>16,668</b>	<b>683</b>	<b>3,889</b>	<b>23,960</b>	<b>3,185</b>	<b>39,360</b>	<b>148,950</b>
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

	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
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>
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<b>Asset Financing:</b>									
Owned	15,145	2,027	5,735	1,527	4,490	19,185	670	15,390	64,169
<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>

	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 2019</b>	<b>42,860</b>	<b>16,039</b>	<b>16,052</b>	<b>1,372</b>	<b>3,371</b>	<b>–</b>	<b>3,156</b>	<b>33,646</b>	<b>116,496</b>
IFRS 16 – First time adoption	–	–	–	–	–	23,511	–	–	23,511
Additions	575	455	1,620	683	3,693	449	11	3,170	10,656
Disposals	–	–	(2,300)	–	–	–	–	–	(2,300)
Derecognition	–	–	–	(207)	(436)	–	–	–	(643)
Revaluations	658	134	131	–	–	–	17	290	1,230
Reclassifications	17	467	1,165	(1,165)	(2,739)	–	1	2,254	–
<b>As at 31 March 2020</b>	<b>44,110</b>	<b>17,095</b>	<b>16,668</b>	<b>683</b>	<b>3,889</b>	<b>23,960</b>	<b>3,185</b>	<b>39,360</b>	<b>148,950</b>
<b>Depreciation</b>									
<b>As at 1 April 2019</b>	<b>24,478</b>	<b>12,401</b>	<b>10,884</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,810</b>	<b>23,707</b>	<b>74,280</b>
Charged in year	3,051	1,712	2,133	–	–	3,209	235	3,587	13,927
Disposals	–	–	(2,215)	–	–	–	–	–	(2,215)
Derecognition	–	–	–	–	–	–	–	–	–
Revaluations	168	80	86	–	–	–	14	135	483
Reclassifications	–	–	–	–	–	–	–	–	–

	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>As at 31 March 2020</b>	27,697	14,193	10,888	–	–	3,209	3,059	27,429	86,475

<b>Carrying amount as at 31 March 2020</b>	16,413	2,902	5,780	683	3,889	20,751	126	11,931	62,475
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<b>Asset Financing</b>									
Owned	16,413	2,902	5,780	683	3,889	20,751	126	11,931	62,475
<b>Carrying amount as at 31 March 2020</b>	<b>16,413</b>	<b>2,902</b>	<b>5,780</b>	<b>683</b>	<b>3,889</b>	<b>20,751</b>	<b>126</b>	<b>11,931</b>	<b>62,475</b>

## 10. Intangible assets

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

	Licences	Software	Wide area network	Websites	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
<b>As at 1 April 2020</b>	<b>7,186</b>	<b>13,068</b>	<b>4,251</b>	<b>347</b>	<b>904</b>	<b>25,756</b>
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>
<b>Amortisation</b>						
<b>As at 1 April 2020</b>	<b>5,781</b>	<b>9,839</b>	<b>4,249</b>	<b>319</b>	<b>–</b>	<b>20,188</b>
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>
<b>Asset financing</b>						
Owned	836	2,507	3	5	170	3,521
<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>

	Licences	Software	Wide area network	Websites	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
<b>As at 1 April 2019</b>	<b>6,699</b>	<b>12,836</b>	<b>4,250</b>	<b>343</b>	<b>236</b>	<b>24,364</b>
Additions	241	37	1	–	899	1,178
Derecognition	–	–	–	–	(36)	(36)
Revaluations	51	195	–	4	–	250
Reclassifications	195	–	–	–	(195)	–
<b>As at 31 March 2020</b>	<b>7,186</b>	<b>13,068</b>	<b>4,251</b>	<b>347</b>	<b>904</b>	<b>25,756</b>
<b>Amortisation</b>						
<b>As at 1 April 2019</b>	<b>5,089</b>	<b>7,543</b>	<b>4,250</b>	<b>279</b>	<b>–</b>	<b>17,161</b>
Charged in year	692	2,296	(1)	40	–	3,027
Derecognition	–	–	–	–	–	–
Revaluations	–	–	–	–	–	–
Reclassifications	–	–	–	–	–	–
<b>As at 31 March 2020</b>	<b>5,781</b>	<b>9,839</b>	<b>4,249</b>	<b>319</b>	<b>–</b>	<b>20,188</b>

<b>Carrying amount as at 31 March 2020</b>	<b>1,405</b>	<b>3,229</b>	<b>2</b>	<b>28</b>	<b>904</b>	<b>5,568</b>
<b>Asset financing</b>						
Owned	1,405	3,229	2	28	904	5,568
<b>Carrying amount as at 31 March 2020</b>	<b>1,405</b>	<b>3,229</b>	<b>2</b>	<b>28</b>	<b>904</b>	<b>5,568</b>

## **11. Financial instruments**

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

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

### **Liquidity 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.

	2020/21		2019/20	
	Book Value	Fair Value	Book Value	Fair Value
<b>Primary financial instruments</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Financial assets</b>				
Cash at bank	36,571	36,571	39,093	39,093
Trade receivables	13,482	13,482	12,347	12,347
<b>Total</b>	<b>50,053</b>	<b>50,053</b>	<b>51,440</b>	<b>51,440</b>
<b>Financial liabilities:</b>				
VAT payable	1,011	1,011	517	517
Other taxation & social security payables	3,095	3,095	2,578	2,578
Trade payables	4,736	4,736	1,508	1,508
<b>Total</b>	<b>8,842</b>	<b>8,842</b>	<b>4,603</b>	<b>4,603</b>

## 12. Inventories

	2020/21	2019/20
	£'000	£'000
<b>Uniform and related items</b>		
Opening balance	48	866
Additions	952	914
Utilisations	(933)	(1,055)
Provision	–	(677)
<b>Closing balance</b>	<b>67</b>	<b>48</b>

During the year, the value of inventories increased by £19k to £67k (2019/20: £818k). There is no provision recognised in 2020/21 and the prior year provision of £818k relating to aged uniform has been fully utilised.

### 13. Trade receivables and other assets

	2020/21	2019/20
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Trade receivables – contracts with customers	13,482	12,347
Trade receivables – other	–	–
Other receivables	743	1,343
Prepayments and accrued income	7,059	5,787
Less: Impairment of receivables using expected loss model	–	–
<b>Total</b>	<b>21,284</b>	<b>19,477</b>
<b>Amounts in the above figures due from other entities included in the whole of government account</b>		
Other central government bodies	1,710	1,143
Local authorities	12,264	9,296
Public corporations and trading funds	–	22
<b>Intra-government debtors</b>	<b>13,974</b>	<b>10,461</b>
Bodies external to government	7,310	9,016
<b>Total</b>	<b>21,284</b>	<b>19,477</b>

### 14. Cash and cash equivalents

	2020/21	2019/20
	£'000	£'000
Balance at 01 April	39,093	38,870
Net change in cash and cash equivalent balances	(2,522)	223
<b>Balance at 31 March</b>	<b>36,571</b>	<b>39,093</b>
<b>The following balances at 31 March were held at:</b>		
Government banking service	106	107
Commercial banks and cash in hand	36,465	38,986
<b>Balance at 31 March</b>	<b>36,571</b>	<b>39,093</b>

## 15. Trade payables and other liabilities

	2020/21	2019/20
	£'000	£'000
<b>Amounts falling due within one year</b>		
VAT payable	1,011	517
Other taxation & social security payables	3,095	2,578
Trade payables	4,736	1,508
Other payables	1,749	1,623
Lease liabilities – right-of-use assets	3,959	3,568
Accruals <sup>2</sup>	37,258	37,676
Deferred income – contracts with customers	10	261
<b>Total</b>	<b>51,818</b>	<b>47,731</b>
<b>Amounts falling due after more than one year</b>		
Other payables, accruals and deferred income	34	71
Lease liabilities – right-of-use assets	15,702	16,839
<b>Total</b>	<b>67,554</b>	<b>64,641</b>
<b>Amounts in the above figures due to other entities included in the whole of government account</b>		
Other central government bodies	6,004	6,568
Local authorities	2,495	8,240
NHS Bodies	250	–
Public corporations and trading funds	7	–
<b>Intra-government payables and liabilities</b>	<b>8,756</b>	<b>14,808</b>
Bodies external to government	58,798	49,833
<b>Total</b>	<b>67,554</b>	<b>64,641</b>

<sup>2</sup> 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 2020. This must be fully used over the following 2 calendar years.

## 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 2020/21 financial period.

	<b>Claims against the Authority</b>	<b>Employment tribunals</b>	<b>Dilapidations</b>	<b>Other provisions</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April 2019</b>	<b>1,226</b>	<b>230</b>	<b>2,008</b>	<b>4,764</b>	<b>8,228</b>
Provided in the year	2,325	190	174	1,665	4,354
Provisions utilised during the year	(896)	(176)	–	(2,376)	(3,448)
Provisions written back in the year	(676)	(137)	–	(1,041)	(1,854)
<b>Balance at 31 March 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 during 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>

### 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 £460,000. 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.

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.

## 18. Capital commitments

As at 31 March 2021 the Authority had the following capital commitments:

	2020/21	2019/20
	£'000	£'000
Estates	30	20
Technology	240	718
Fleet	1,995	2,009
Other	5	77
<b>Total BTP capital commitments</b>	<b>2,270</b>	<b>2,824</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 **3**:

Short term leases not recognised under IFRS 16:	2020/21	2019/20
	£'000	£'000
<b>Buildings</b>		
Not later than one year	3,363	3,273
Later than one year and not later than five years	10,114	11,007
Later than 5 years	9,511	8,015
<b>Total short term leases</b>	<b>22,988</b>	<b>22,295</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	2020/21	2019/20
	£'000	£'000
<b>Buildings</b>		
Not later than one year	3,922	3,568
Later than one year and not later than five years	9,220	9,527
Later than 5 years	6,520	7,311
<b>Total right-of-use liabilities</b>	<b>19,662</b>	<b>20,406</b>

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

	2020/21	2019/20
	£'000	£'000
Opening IFRS 16 lease liability	20,406	23,512
Lease liability additions	3,358	449
Lease repayments	(4,902)	(3,529)
Finance charge	476	426
Peppercorn lease liability moved to reserves	324	(451)
<b>Closing IFRS 16 lease liability</b>	<b>19,662</b>	<b>20,406</b>

**3** 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.

## 20. Other financial commitments

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

<b>Non-cancellable contracts for the following periods comprise</b>	<b>2020/21</b>	<b>2019/20</b>
	<b>£'000</b>	<b>£'000</b>
Not later than one year	6,637	5,476
Later than one year and not later than five years	5,116	7,410
Later than 5 years	–	–
<b>Total financial commitments</b>	<b>11,753</b>	<b>12,886</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:

The Authority was not invoiced for any costs in 2020/21 (£9k in 2019/20) and there were no outstanding balances at year end (£nil in 2019/20). The Authority was provided a grant in aid by DfT of £6,507k in 2020/21 (£nil in 2019/20) and no amounts were outstanding at year end (£nil in 2019/20).

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. The Authority was invoiced for £1,165k (£1,370k in 2019/20) by Network Rail in 2020/21 and as at 31 March 2021 there was £171k outstanding (£106k at 31 March 2020). Network Rail was invoiced by the Authority for £99,786k in 2020/21 (£93,106k in 2019/20) and as at 31 March 2021 £770k was outstanding (£1,039k at 31 March 2020). 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 £42k in 2020/21 (£39k in 2019/20) and there were no outstanding balances at year end (£nil in 2019/20).

Lucy D'Orsi is seconded by the Metropolitan Police Service. The Authority invoiced the Metropolitan Police Service £320k in the current financial year (£255k in 2019/20) and at 31 March 2021 £7k was outstanding (£62k in 2019/20). The Metropolitan Police Service has invoiced the Authority for £541k in the current financial year (£852k in 2019/20) and at 31 March 2021 no amounts were outstanding (£32k in 2019/20).

Due to its 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 £3,850k (£904k in 2019/20) in the current financial year. At 31 March 2021 no amounts were outstanding (£nil at 31 March 2020). The Home Office has invoiced the Authority for £1,526k (£2,630k in

2019/20) in the current financial year. At 31 March 2021, £1k was outstanding (£nil at 31 March 2020). 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:

Mark Phillips is a member of the Transport for London Board. In the course of the year, the Authority invoiced TfL for £75,534k (£76,851k in 2019/20) and was not invoiced by TfL for any amounts (£2k in 2019/20). As at 31 March 2021, £11,069k (£8,583k at 31 March 2020) was due from TfL. 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 £28,370k (2019/20: £24,772k) and was invoiced by Abellio Group UK for £93k (2019/20: £1,102k). As at 31 March 2021, £1k was due from Abellio Group UK (2019/20: £nil). As at 31 March 2021, £23k was due to Abellio Group UK (2019/20: £nil). 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 reserves	
	£'000	£'000	£'000	
<b>Opening balance at 01 April 2019</b>	<b>54,307</b>	<b>4,243</b>	<b>(781,607)</b>	<b>(723,057)</b>
First time adoption of IFRS 16	415	–	–	415
Gains / (losses) on revaluation of assets	–	1,501	–	1,501
Actuarial gain / (loss)	–	–	276,270	276,270
Comprehensive income for the year	(79,716)	–	–	(79,716)
Transfer between reserves	74,473	(483)	(73,990)	–
<b>Balance at 31 March 2020</b>	<b>49,479</b>	<b>5,261</b>	<b>(579,327)</b>	<b>(524,587)</b>

Opening balance at 01 April 2020	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)	–
Grant funding recognised	6,507	–	–	6,507
<b>Closing balance at 31 March 2021</b>	<b>46,463</b>	<b>5,219</b>	<b>(1,039,126)</b>	<b>(987,444)</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 (excluding administrative expenses, taxes and net interest) associated with staff employed by the Authority during the year totalled £65.04 million (2019/20: £77.16 million). In addition, there was £13.09 million net interest on the pension fund (2019/20: £18.12 million), leaving a net debit in relation to pensions for the year of £78.13 million (2019/20: £95.28 million). The total net pension liabilities for all staff, past and present, are shown in the SoFP. These amount to £1,039.13 million (2019/20 £579.33 million) net of the fair value of plan assets. HM Treasury have confirmed that the charge or credit to the SoCI arising from IAS19 should be excluded from the calculation of the amount to be reclaimed from parties with PSAs with the Authority.

The fund participates in two pension schemes, both of which are the direct responsibility of the Authority. In addition, Railways Pension Investments Limited (RPMI) have a role in relation to the management and administration of the scheme. The 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) 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 scheme. 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 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. A consultation is due to be undertaken on a proposed increase to the future service joint contribution rate; with this increase to be met in full by the Authority until 01 April 2022. 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.

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

The net position of the schemes at 31 March 2021 were as follows:

	2020/21	2019/20
	£'000	£'000
<b>Net pension liabilities</b>		
British Transport Police Force Superannuation Fund	(846,396)	(479,867)
British Transport Police Section of the Railways Pension Scheme	(192,729)	(99,460)
	<b>(1,039,125)</b>	<b>(579,327)</b>

The amounts recognised in the SoCI are as follows 4:

	2020/21	2019/20
	£'000	£'000
<b>Pension costs reflected in the SoCI</b>		
Current Service Cost – BTPFSF	49,610	58,360
Current Service Cost – RPS	15,430	18,800
Administrative expenses and taxes – BTPFSF	2,620	2,250
Administrative expenses and taxes – RPS	820	720
	<b>68,480</b>	<b>80,130</b>

<b>IAS19 interest reflected in the SoCI</b>		
Net Interest – BTPFSF	10,860	14,890
Net Interest – RPS	2,230	3,230
	<b>13,090</b>	<b>18,120</b>
<b>Total amount recognised in the SoCI</b>	<b>81,570</b>	<b>98,250</b>

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

## IAS 19 pension adjustment reported in the SoCF

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

		2020/21	2019/20
	Note	£'000	£'000
<b>BTPFSF</b>			
Current service cost	23D	49,610	58,360
Administrative expenses and taxes	23D	2,620	2,250
		<b>52,230</b>	<b>60,610</b>
<b>RPS</b>			
Current service cost	23D	15,430	18,800
Administrative expenses and taxes	23D	820	720
		<b>16,250</b>	<b>19,520</b>
<b>Total I&amp;E expenses</b>		<b>68,480</b>	<b>80,130</b>

<b>Less employer contributions</b>			
– Employer contributions BTPFSF	23B	18,990	18,270
– Employer contributions RPS (including BRASS 5 matching)	23B	6,090	5,990
<b>Total employer contributions</b>		<b>25,080</b>	<b>24,260</b>
<b>Total IAS 19 pension adjustment reported in the SoCF</b>		<b>43,400</b>	<b>55,870</b>

## British Transport Police Force Superannuation Fund

### A. Change in defined benefit obligation

	2020/21	2019/20
	£'000	£'000
Defined benefit obligation at end of the prior year	1,818,637	1,984,607
Current service cost	49,610	58,360
Interest expense	41,340	46,150
<b>Cash flows</b>		
– Benefits payments from plan	(55,730)	(54,140)
– Participant contributions	12,640	12,120
<b>Remeasurements</b>		
– Effect of changes in financial assumptions	579,860	(214,860)
– Effect on changes in demographic assumptions	(1,800)	46,560
– Effect of experience adjustments	(26,110)	(60,160)
<b>Defined benefit obligation at end of year</b>	<b>2,418,447</b>	<b>1,818,637</b>

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

	2020/21	2019/20
	£'000	£'000
Fair value of plan assets at end of the prior year	1,338,770	1,343,080
Interest Income	30,480	31,260
<b>Cash flows</b>		
– Employer contributions	18,990	18,270
– Government support payments	–	–
– Participant contributions	12,640	12,120
– Benefits payments from plan	(55,730)	(54,140)
– Administrative expenses paid from plan assets	(2,620)	(2,250)
Return on plan assets (excluding interest income)	229,521	(9,570)
<b>Fair value of plan assets at end of year</b>	<b>1,572,051</b>	<b>1,338,770</b>

### C. Amounts recognized in the SoFP

	2020/21	2019/20
	£'000	£'000
Defined benefit obligation	2,418,447	1,818,637
Fair value of plan assets	(1,572,051)	(1,338,770)
<b>Net liability</b>	<b>846,396</b>	<b>479,867</b>

### D. Components of defined benefit cost

	2020/21	2019/20
	£'000	£'000
<b>Service Cost</b>		
– Current service cost	49,610	58,360
<b>Total service cost</b>	<b>49,610</b>	<b>58,360</b>
<b>Net interest cost</b>		
– interest expense on defined benefit obligation	41,340	46,150
– interest (income) on plan assets	(30,480)	(31,260)
<b>Total net interest cost</b>	<b>10,860</b>	<b>14,890</b>
Administrative expenses and taxes	2,620	2,250
<b>Defined benefit cost included in the SoCI</b>	<b>63,090</b>	<b>75,500</b>
<b>Remeasurements (recognised in OCI)</b>		
– Effect on changes in demographic assumptions	(1,800)	46,560
– Effect of changes in financial assumptions	579,860	(214,860)
– Effect of experience adjustments	(26,110)	(60,160)
– Return on plan assets (excluding interest income)	(229,521)	9,570
<b>Total remeasurements included in OCI</b>	<b>322,429</b>	<b>(218,890)</b>
<b>Total defined benefit cost recognised in SoCI and OCI</b>	<b>385,519</b>	<b>(143,390)</b>

The Authority expects the service cost for the year ending 31 March 2022 to be £86.71 million (31 March 2021: £49.61 million).

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

	2020/21	2019/20
	£'000	£'000
Opening net defined benefit liability (asset)	479,867	641,527
Defined benefit cost included in the SoCI	63,090	75,500
Total remeasurements included in OCI	322,429	(218,890)
Employer contributions	(18,990)	(18,270)
<b>Net defined benefit liability (asset) as of end of year</b>	<b>846,396</b>	<b>479,867</b>

The liability has increased from 2019/2020, primarily based on the increase in inflation rate and reduction in discount rate as detailed in note 23H.

#### F. Defined benefit obligation

Defined benefit obligation by participant status	2020/21	2019/20
	£'000	£'000
– Actives	1,111,080	759,180
– Vested deferreds	168,460	111,320
– Retirees	1,138,907	948,137
<b>Total</b>	<b>2,418,447</b>	<b>1,818,637</b>

#### G. Plan assets

The Scheme invests in a number of multi-asset pooled funds, the breakdown of the funds is outlined on the next page:

Fair value of plan assets	2020/21	2019/20
	£'000	£'000
– Private equity and non-exchange -traded Pooled Investment Vehicles	468,180	401,445
– Equities	654,560	489,030
– Cash and current assets	177,930	184,710
– Fixed Interest Securities	74,440	82,680
– Index Linked Securities	82,090	90,060
– Derivatives – Future	1,150	4,800
– Derivatives – FX Contracts	0	(18,260)
– UK Property	100,600	87,910
– Pooled Investment Vehicles	6,510	9,515
– Other	6,590	6,880
<b>Total</b>	<b>1,572,050</b>	<b>1,338,770</b>

## H. Significant actuarial assumptions

<b>Weighted average assumptions to determine benefit obligations</b>	<b>2020/21</b>	<b>2019/20</b>
Discount rate	1.95%	2.30%
Rate of price inflation (RPI) <b>6</b>	3.15%	2.40%
Rate of price inflation (CPI) <b>6</b>	2.75%	1.50%
Rate of increase in salaries <b>7</b>	2.75%	2.40%
Rate of pension increases	2.75%	1.50%

	<b>2020/21</b>	<b>2019/20</b>
Retiring today – Males	22.3	22.3
Retiring today – Females	24.6	24.6
Retiring in 20 years time – Males	23.6	23.6
Retiring in 20 years time – Females	26.1	26.0

**6** 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 0.4% 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 £249m. £200m of this relates to British Transport Police Force Superannuation Fund and £49m relates to Railway Pension Scheme.

**7** 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 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.

<b>Expected future benefit payments from the BTPFSF, based on data from the formal valuation and the 31 March 2021 IAS 19 assumptions:</b>	<b>2020/21</b>
	<b>£ million</b>
Benefits expected to be paid with 12 months	56.47
Benefits expected to be paid between 2 to 3 years	115.21
Benefits expected to be paid between 4 to 6 years	187.33
Benefits expected to be paid between 7 to 10 years	270.61
Benefits expected to be paid between 11 to 15 years	372.96
Benefits expected to be paid in over 15 years	2,912.93

### I. Sensitivity analysis

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

<b>Net liability (asset), excluding any effect of asset limit</b>	<b>2020/21</b>	<b>2019/20</b>
	<b>£ million</b>	<b>£ million</b>
Base	846.40	479.87
<b>Discount rate</b>		
– Discount rate -25 basis points	141.04	92.53
– Assumption	1.70%	2.05%
– Discount rate +25 basis points	(129.85)	(85.79)
– Assumption	2.20%	2.55%
<b>Inflation rate</b>		
– Inflation rate -50 basis points	(199.60)	(158.70)
– Assumption	2.25%	1.00%
– Inflation rate +50 basis points	224.22	182.70
– Assumption	3.25%	2.00%
<b>Mortality</b>		
– Mortality	96.12	52.23
– Assumption	Plus one year age rating	Plus one year age rating

Further details on sensitivity can be found in the tables on the next two pages:

Analysis of net SoFP	£ million	Sensitivities from Base Financial Year (FY) 2021 (one item changed with all other things held constant)					
	FY 2020	Base FY 2021	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	1,338.77	1,572.05	1,572.05	1,572.05	1,572.05	1,572.05	1,572.05
Present value of benefit obligations	1,818.64	2,418.45	2,559.49	2,288.61	2,218.85	2,642.67	2,514.57
<b>Net liability (asset), excluding any effect of asset limit</b>	<b>479.87</b>	<b>846.40</b>	<b>987.44</b>	<b>716.56</b>	<b>646.80</b>	<b>1,070.62</b>	<b>942.52</b>

Analysis of projected pension cost	£ million	Sensitivities from Base FY 2021 (one item changed with all other things held constant)					
	Actual 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
Current service cost	49.61	86.71	95.78	78.56	75.08	100.62	90.18
Interest cost	41.34	46.73	43.14	78.56	42.84	51.11	48.61
Interest income on scheme assets	(30.48)	(29.86)	(26.03)	(33.69)	(29.86)	(29.86)	(29.86)
Administrative expenses and taxes	2.62	262	2.62	2.62	2.62	2.62	2.62
<b>Total pension cost before asset limit</b>	<b>63.09</b>	<b>106.20</b>	<b>115.51</b>	<b>126.05</b>	<b>90.68</b>	<b>124.49</b>	<b>111.55</b>

Actuarial assumptions	FY 2020	Base FY 2021	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.5% inflation rate	Plus 0.5% inflation rate	Mortality sensitivity
Discount rate	2.30%	1.95%	1.70%	2.20%	1.95%	1.95%	1.95%
Rate of RPI assumption	2.40%	3.15%	3.15%	3.15%	2.65%	3.65%	3.15%
Rate of CPI assumption	1.50%	2.75%	2.75%	2.75%	2.25%	3.25%	2.75%
Rate of salary increase <b>8</b>	2.40%	2.75%	2.75%	2.75%	2.65% <sup>8</sup>	3.65% <sup>8</sup>	2.75%
Rate of pension increase	1.50%	2.75%	2.75%	2.75%	2.25% <sup>8</sup>	3.25% <sup>8</sup>	2.75%

Mortality Table			
	In line with the actuarial valuation as at 31 December 2015 but using the 2019 Continuous Mortality Investigation (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 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 2020 CMI model with long term improvements of 1.25% p.a. and an initial addition of 0.2% plus a one year age rating

**8** Allowance has been made for short term pay increases of 0%, 1%, 1.5% and 2% for the first four years following the measurement date. Then increases at the assured rate of increase in salaries thereafter.

Note: 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.

## British Transport Police Section of the Railways Pension Scheme

### A. Change in defined benefit obligation

	2020/21	2019/20
	£'000	£'000
Defined benefit obligation at end of the prior year	274,160	307,500
Current service cost	15,430	18,800
Interest expense	6,290	7,220
<b>Cash flows</b>		
– Benefits payments from plan	(5,410)	(4,410)
– Participant contributions	4,050	3,960
<b>Remeasurements</b>		
– Effect of changes in financial assumptions	111,800	(60,780)
– Effect of experience adjustments	6,060	(130)
– Effect on changes in demographic assumptions	(1,890)	2,000
<b>Defined benefit obligation at end of year</b>	<b>410,490</b>	<b>274,160</b>

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

	2020/21	2019/20
	£'000	£'000
Fair value of plan assets at end of the prior year	174,700	167,420
Interest Income	4,060	3,990
<b>Cash flows</b>		
– Employer contribution (including BRASS matching)	6,090	5,990
– Participant contributions	4,050	3,960
– Benefits payments from plan	(5,410)	(4,410)
– Administrative expenses paid from plan assets	(820)	(720)
Return on plan assets (excluding interest income)	35,091	(1,530)
<b>Fair value of plan assets at end of year</b>	<b>217,761</b>	<b>174,700</b>

### C. Amounts recognised in the SoFP

	2020/21	2019/20
	£'000	£'000
Defined benefit obligation	410,490	274,160
Fair value of plan assets	(217,761)	(174,700)
<b>Net liability</b>	<b>192,729</b>	<b>99,460</b>

### D. Components of defined benefit cost

	2020/21	2019/20
	£'000	£'000
<b>Service Cost</b>		
Current service cost	15,430	18,800
<b>Total service cost</b>	<b>15,430</b>	<b>18,800</b>
<b>Net interest cost</b>		
– interest expense on defined benefit obligation	6,290	7,220
– interest (income) on plan assets	(4,060)	(3,990)
<b>Total net interest cost</b>	<b>2,230</b>	<b>3,230</b>
Administrative expenses and taxes	820	720
<b>Defined benefit cost included in the SoCI</b>	<b>18,480</b>	<b>22,750</b>
<b>Remeasurements (recognised in OCI)</b>		
– Effect of changes in financial assumptions	111,800	(60,780)
– Effect of experience adjustments	6,060	(130)
– Return on plan assets (excluding interest income)	(35,091)	1,530
– Net measurement regains / (losses) – demographic	(1,890)	2,000
Effect of asset limitation and IAS minimum funding requirement	–	–
Effect of asset limitation and IAS minimum funding requirement	–	–
<b>Total remeasurements included in OCI</b>	<b>80,879</b>	<b>(57,380)</b>
<b>Total defined benefit cost recognised in SoCI and OCI</b>	<b>99,359</b>	<b>(34,630)</b>

The Authority expects the service cost for the year ending 31 March 2022 to be £23.29 million (31 March 2021: £15.43 million).

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

	2020/21	2019/20
	£'000	£'000
Opening net defined benefit liability (asset)	99,460	140,080
Effect of changes in demographic assumptions	18,480	22,750
Total defined benefit cost recognised in the SoCI and OCI	80,879	(57,380)
Employer contributions	(6,090)	(5,990)
<b>Net defined benefit liability (asset) as of end of year</b>	<b>192,729</b>	<b>99,460</b>

The liability has increased from 2019/2020, primarily based on the increase in inflation rate and reduction in discount rate as detailed in note 23H.

#### F. Defined benefit obligation

Defined benefit obligation by participant status	2020/21	2019/20
	£'000	£'000
– Actives	205,600	179,540
– Vested deferreds	150,080	63,910
– Retirees	54,810	30,710
<b>Total</b>	<b>410,490</b>	<b>274,160</b>

#### G. Plan assets

The Scheme invests in a number of multi-asset pooled funds, the breakdown of the funds is outlined on the next page:

Fair value of plan assets	2020/21	2019/20
	£'000	£'000
Private equity and non-exchange-traded Pooled Investment Vehicles	62,820	51,580
Equities	98,470	69,910
Cash and current assets	24,890	25,750
Fixed Interest Securities	8,430	8,240
Index Linked Securities	7,600	7,460
Derivatives – Future	170	680
Derivatives – FX Contracts	–	(2,590)
UK Property	14,370	12,320
Pooled Investment Vehicles	1,010	7,390
Other	–	–
<b>Total</b>	<b>217,760</b>	<b>174,700</b>

## H. Significant actuarial assumptions

<b>Weighted average assumptions to determine benefit obligations</b>	<b>2020/21</b>	<b>2019/20</b>
Discount rate	1.95%	2.30%
Rate of price inflation (RPI) <b>9</b>	3.15%	2.40%
Rate of price inflation (CPI) <b>9</b>	2.75%	1.50%
Rate of increase / (decreases) in salaries <b>10</b>	2.75%	2.40%
Rate of pension increases	2.75%	1.50%

**9** 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 0.4% 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 £249m. £200m of this relates to British Transport Police Force Superannuation Fund and £49m relates to Railway Pension Scheme.

**10** 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 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.

<b>Assumed Life expectancies on retirement at age 65 are:</b>	<b>2020/21</b>	<b>2019/20</b>
Retiring today – Males	20.7	20.4
Retiring today – Females	22.9	23.1
Retiring in 20 years time – Males	22.0	21.7
Retiring in 20 years time – Females	24.5	24.6

<b>Expected future benefit payments from the fund, based on data from the formal valuation and the 31 March 2021 IAS 19 assumptions:</b>	<b>2020/21</b>
	<b>£ million</b>
Benefits expected to be paid with 12 months	5.00
Benefits expected to be paid between 2 to 3 years	13.00
Benefits expected to be paid between 4 to 6 years	24.00
Benefits expected to be paid between 7 to 10 years	41.00
Benefits expected to be paid between 11 to 15 years	66.00
Benefits expected to be paid in over 15 years	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	2020/21	2019/20
	£ million	£ million
Base	192.73	99.46
<b>Discount rate</b>		
– Discount rate -25 basis points	31.11	20.23
– Assumption	1.70%	2.05%
– Discount rate +25 basis points	(28.49)	(18.63)
– Assumption	2.20%	2.55%
<b>Inflation rate</b>		
– Inflation rate -50 basis points	(49.19)	(36.00)
– Assumption	2.65%	1.90%
– Inflation rate +50 basis points	57.21	42.00
– Assumption	3.65%	2.90%
<b>Mortality</b>		
– Mortality	15.71	9.22
– Assumption	Plus one year age rating	Plus one year age rating

Further details on sensitivity can be found in the tables on the next two pages:

Analysis of net SoFP	£ million	Sensitivities from Base Financial Year (FY) 2021 (one item changed with all other things held constant)					
	FY 2020	Base FY 2021	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	174.70	217.76	217.76	217.76	217.76	217.76	217.76
Present value of benefit obligations	274.16	410.49	441.60	382.00	361.30	467.70	426.20
<b>Net liability (asset), excluding any effect of asset limit</b>	<b>99.46</b>	<b>192.73</b>	<b>223.84</b>	<b>164.24</b>	<b>143.54</b>	<b>249.94</b>	<b>208.44</b>

Analysis of projected pension cost	£ million	Sensitivities from Base FY 2020 (one item changed with all other things held constant)					
	Actual 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
Current service cost	15.43	23.29	24.95	20.74	19.56	26.45	23.73
Interest cost	6.29	7.99	7.50	8.39	7.03	9.11	8.30
Interest income on scheme assets	(4.06)	(4.20)	(3.65)	(4.72)	(4.18)	(4.18)	(4.18)
Administrative expenses and taxes	0.82	0.82	0.82	0.82	0.82	0.82	0.82
<b>Total pension cost before asset limit</b>	<b>18.48</b>	<b>27.90</b>	<b>29.62</b>	<b>25.23</b>	<b>23.23</b>	<b>32.20</b>	<b>28.67</b>

<b>Actuarial assumptions</b>	<b>FY 2020</b>	<b>Base FY 2021</b>	<b>Minus 0.25% discount rate</b>	<b>Plus 0.25% discount rate</b>	<b>Minus 0.5% inflation rate</b>	<b>Plus 0.5% inflation rate</b>	<b>Mortality sensitivity</b>
Discount rate	2.30%	1.95%	1.70%	2.20%	1.95%	1.95%	1.95%
Rate of RPI assumption	2.40%	3.15%	3.15%	3.15%	2.65%	3.65%	3.15%
Rate of CPI assumption	1.50%	2.75%	2.75%	2.75%	2.25%	3.25%	2.75%
Rate of increase in salaries <b>11</b>	2.40%	2.75%	2.75%	2.75%	2.25%	3.25%	2.75%

<b>Mortality Table</b>	In line with the actuarial valuation as at 31 December 2016 but using the 2019 CMI model with long term improvements of 1.25% p.a. and an initial addition of 0.2%	In line with the preliminary results of 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 preliminary results of 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% adjusted to give one year added life expectancy
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**11** Allowance has been made for short term pay increases of 0%, 1%, 1.5% and 2% for the first four years following the measurement date. Then increases at the assured 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.

Note: 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.

## **Impact of Covid-19**

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 this current year-end at this stage, the full impact of the Covid-19 pandemic in the long term remains uncertain until further evidence has been established. No margins have been applied to this analysis to reflect this risk.

### **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, RPMI and the control over economic benefits for BTPA's established through the unitisation of those funds. The table below 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 include property, private equity and non-exchange-traded Pooled Investment Vehicles equity. This is discussed on the next page and relates to illiquid direct property and equity held directly within RPMI pooled funds.

### Analysis of scheme assets:

British Transport Police Force Superannuation Fund	2020/21				2019/20 12
	Fair value				Restated
	Level 1 £ million	Level 2 £ million	Level 3 £ million	Total £ million	Total £ million
Private equity and non-exchange-traded Pooled Investment Vehicles	–	–	468.18	<b>468.18</b>	<b>401.45</b>
Equities	633.13	0.06	21.37	<b>654.56</b>	<b>489.03</b>
Cash and current assets	177.93	–	–	<b>177.93</b>	<b>184.71</b>
Fixed Interest Securities	40.82	28.49	5.13	<b>74.44</b>	<b>82.68</b>
Index Linked Securities	79.89	2.20	–	<b>82.09</b>	<b>90.06</b>
Derivatives – Future	1.15	–	–	<b>1.15</b>	<b>4.80</b>
Derivatives – FX Contracts	–	–	–	–	<b>(18.26)</b>
UK Property	–	–	100.60	<b>100.60</b>	<b>87.91</b>
Pooled Investment Vehicles	–	6.51	–	<b>6.51</b>	<b>9.51</b>
Other	–	–	6.59	<b>6.59</b>	<b>6.88</b>
<b>Fair value of plan assets</b>	<b>932.92</b>	<b>37.26</b>	<b>601.87</b>	<b>1,572.05</b>	<b>1,338.77</b>
<b>Present value of funded obligations</b>				<b>(2,418.45)</b>	<b>(1,818.64)</b>
<b>Net liability</b>				<b>(846.40)</b>	<b>(479.87)</b>

**12** In 2019-20 the scheme assets included level 3 investments of £401.45m private equity and non-exchange traded Pooled investment vehicles, £13.75m in equities, £7.95m fixed interest securities and £87.91m in Property. The total value of level 3 investments accounted for 38.2% of the total scheme assets held.

Railway Pension Scheme	2020/21				2019/20 13
	Fair value				Restated
	Level 1 £ million	Level 2 £ million	Level 3 £ million	Total £ million	Total £ million
Private equity and non-exchange-traded Pooled Investment Vehicles	–	–	62.82	<b>62.82</b>	<b>51.58</b>
Equities	95.09	0.01	3.37	<b>98.47</b>	<b>69.91</b>
Cash and current assets	24.89	–	–	<b>24.89</b>	<b>25.75</b>
Fixed Interest Securities	4.88	3.15	0.40	<b>8.43</b>	<b>8.24</b>
Index Linked Securities	7.39	0.21	–	<b>7.60</b>	<b>7.46</b>
Derivatives – Future	0.17	–	–	<b>0.17</b>	<b>0.68</b>
Derivatives – FX Contracts	–	–	–	<b>–</b>	<b>(2.59)</b>
UK Property	–	–	14.37	<b>14.37</b>	<b>12.32</b>
Pooled Investment Vehicles	–	1.01	–	<b>1.01</b>	<b>1.35</b>
Other	–	–	–	<b>–</b>	<b>–</b>
<b>Fair value of plan assets</b>	<b>132.42</b>	<b>4.38</b>	<b>80.96</b>	<b>217.76</b>	<b>174.70</b>
<b>Present value of funded obligations</b>				<b>(410.49)</b>	<b>(274.16)</b>
<b>Net liability</b>				<b>(192.73)</b>	<b>(99.46)</b>

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

**13** In 2019-20 the scheme assets included level 3 investments of £51.58m private equity and non-exchange traded pooled investment vehicles, £2.21m in equities, £0.74m fixed interest securities and £12.32m in Property. The total value of level 3 investments accounted for 38.3% of the total scheme assets held.

<b>British Transport Police Force Superannuation Fund</b>	<b>2020/21</b>		
	<b>change in asset class value</b>	<b>percentage change in total value of plan assets</b>	<b>Change in deficit £ million</b>
Private equity and non-exchange- traded Pooled Investment Vehicles	+5%	1.28%	(20.07)
	-5%	-1.28%	20.07
UK Property	+5%	0.33%	(5.03)
	-5%	-0.33%	5.03
<b>Total plan assets</b>	<b>+5%</b>	<b>5.00%</b>	<b>(77.25)</b>
	<b>-5%</b>	<b>-5.00%</b>	<b>77.25</b>

<b>Railway Pension Scheme</b>	<b>2020/21</b>		
	<b>Percentage change in asset class value</b>	<b>Percentage change in total value of plan assets</b>	<b>Change in deficit £ million</b>
Private equity and non-exchange- traded Pooled Investment Vehicles	+5%	1.20%	(2.58)
	-5%	-1.20%	2.58
UK Property	+5%	0.34%	(0.72)
	-5%	-0.34%	0.72
<b>Total plan assets</b>	<b>+5%</b>	<b>5.00%</b>	<b>(10.66)</b>
	<b>-5%</b>	<b>-5.00%</b>	<b>10.66</b>

### **Mortality assumptions**

Future mortality expectations are likely to need to be considered once the effects on the underlying population's 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 above tables for the sensitivity of the results to changes in mortality assumptions.

## **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.



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