



British Transport Police Fund

Annual Report and Accounts

for the year ending 31 March 2017



British Transport Police Fund

Statement of Accounts

for the year ending 31 March 2017

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

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1 Performance report

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Performance overview

Chair and Chief Executive statement

The following report and accounts detail the progress of the British Transport Police (BTP) over the last year in meeting the objectives set by the British Transport Police Authority (the Authority). Coming at a time of continued growth in passenger numbers and a challenging counter-terrorist environment, 2016/17 marks a significant period of change in railway policing during which BTP's achievements are a credit to the dedication and professionalism of officers and staff.

This year BTP has worked with stakeholders to deal with major incidents, improve safeguarding and respond to terrorist attacks. Recognising the increased threat to the transport network from terrorist activity an additional £3.5 million was made available to enhance existing specialist capability and activities, which have been well received by partner agencies.

The British Transport Police Authority's commitment to improving rail security and providing a high quality service formed the basis of the ambitious strategic objectives we set for BTP in the 2013-19 Strategic Plan. These were designed to drive real change in how BTP did business in the key areas of reducing crime, minimising disruption and improving passenger and staff confidence.

In the last year BTP carried out a demand review to improve how resources are matched to where they are needed and looked at how investigation and prevention activities are allocated across the Force. The findings of these reviews are currently being implemented and will improve BTP's overall efficiency.

Following our on-going review of the operating environment and feedback from stakeholders, the Authority has decided to update its strategic plan, bringing the current plan to a close a year early. We have secured support from our industry partners to move away from the '20:20:10' measures for 2017/18 and have issued a new style policing plan based on a broader performance framework still built around tackling crime and disruption and improving confidence.

Over the coming year the Authority will continue its work to deliver the Scottish Government's plan to devolve functions in Scotland to Police Scotland and we await the UK Government's plans in relation to infrastructure policing. Internally, we will continue our work on governance and review the Target Operating Model. Externally, we will continue to identify and exploit efficiencies created by close cooperation with other police forces and the rail industry.



Mark Phillips
Chairman (interim)



Charlotte Vitty
Chief Executive



Mark Phillips assumed the responsibilities of Chairman in April 2017, following the resignation of the Rt. Hon. Esther McVey. Esther, who was Chairman for 18 months, made a significant contribution to the work of the Authority. In April 2017 the Authority appointed Charlotte Vitty as Chief Executive, succeeding Andrew Figgures CB CBE, who served for seven and a half years and played a valuable role in delivering our strategic objectives.

The past 12 months have been both challenging and successful, but there is more that needs to be done. BTP performs a crucial service, protecting the railways infrastructure and the public. The Authority will continue to support BTP while holding it to account.

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

About us: A Strategic overview

Who we are

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

What we do – our mission

We are the independent body responsible for overseeing the work of the British Transport Police (BTP) - the national dedicated police force for the railways. There are fifteen members of the Police Authority who provide knowledge and experience of issues that concern passengers, the railway industry and railway employees. The members meet six times a year to set British Transport Police targets, monitor its operations and allocate funds for its budget.

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

Our vision

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

Our ambition and objectives

Our ambition is to make a step change in the quality and efficiency we achieve in delivering our services. This translates into the following strategic objectives for 2019:

Keep transport systems running

- Reduce minutes lost by police-related disruption by at least 20% on the 2012/13 outturn figure*

A safe and secure railway

- Reduce crime on the railway by at least 20% on the 2012/13 outturn figure

Promote confidence in use of railway

- Increase passenger confidence with personal security on trains and on stations by at least 10%**

Deliver value for money

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



There will always be the need for a highly trained specialist police force to protect rail infrastructure and rail passengers. BTP is uniquely placed to provide this service, through their expertise, training and equipment."

Mark Phillips

* To be measured in customer hours for TfL and LUL.

** To be measured via the Spring 2013 National Passenger Survey and a measure agreed with TfL and London Underground.



Our values

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

Customer-focused

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

Integrity

- Acting with honesty and authenticity

Respect

- Demonstrating respect and understanding

Common sense

- Taking a sensible and practical approach; challenging bureaucracy

Trust & Confidence

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

Determination

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

Professionalism

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

Pride

- Taking pride in working for BTP and serving the community



**Reduce
crime**



**Reduce
disruption**



**Increase
confidence**



Deliver value for money

Principal Risks and Uncertainties

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

The principal risks and uncertainties facing the Authority are reviewed on a regular basis, and a snapshot of those current at the end of 2016/17 financial year are as follows:

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

“The new system will enable BTP to make significant progress on delivering operational efficiencies in a number of areas over the coming years”

Risk	Mitigation tactics
Loss of stakeholder confidence	
<p>Potentially arising from:</p> <ul style="list-style-type: none"> • Failure to achieve strategic objectives • Arrangements for charging the industry • Adverse publicity 	<ul style="list-style-type: none"> • Active stakeholder engagement and consultation on plans, priorities, targets and, where appropriate, charging arrangements • Continue to conduct and act on passenger and stakeholder surveys • Early and regular communication to the industry of charges • Develop media handling plans for potential areas of adverse publicity
Failure of Employer’s Duty of Care	
<p>Potentially arising from:</p> <ul style="list-style-type: none"> • Weaknesses in health and safety arrangements and overarching governance • Reactive safety and wellbeing function • Insufficient Occupational Health (OH) provision owing to national shortage of OH advisors 	<ul style="list-style-type: none"> • Review of health and safety policy and practice • Strengthened governance to ensure compliance with internal policy • Occupational health provision through use of agency staff • Delivery of annual plan and audit programme for health and safety • Proactive focus on safety and wellbeing of employees
Non-compliance with management of police information requirements and Data Protection Act 1998	
<p>Potentially arising from:</p> <ul style="list-style-type: none"> • Inadequate information management strategy and supporting records management policies and processes • Non-compliance with current internal policies and processes 	<ul style="list-style-type: none"> • Updated approach to information management including a review of the strategy, policies and procedures and their application • Training for staff handling information and maintaining records • Recovery plan to ensure electronic records are being properly managed and stored • Strengthened governance via the Information Management Board

Performance summary



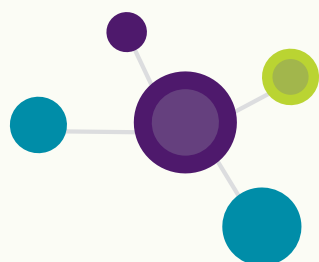
Passenger growth

Last year there were 3.2 billion passenger journeys on the railways in Britain, the highest ever recorded figure.



Low crime on the railways

The chance of being a victim of crime on the railway continues to fall with only 16 crimes per million passenger journeys.



Partnership progress

BTP continues to have staff embedded at Network Rail and train operators to lead the joint police/industry.



Making it easier to report crime

Campaigns to 'Report it to stop it', 'See it, say it, sorted' and highlighting the 61016 text number to report crime were highly successful, with 33% more texts being received.

*Based on ORR figures.



Effect of cable theft reduced

Delays related to cable theft more than halved last year, down from 49,959 to 23,670 minutes.



Campaigns

Two high profile campaigns run by BTP this year set out to combat trespass on the railways and all forms of hate crime. Real Tracks aims to reverse the rise in trespass on the railways and #WeStandTogether encourages people to report all forms of hate crime.



Identifying efficiencies

BTP are implementing the findings of a demand review to improve how resources are matched to where they are needed and a crime review to look at how investigation and prevention activities are allocated across the Force.



Life-saving interventions

The number of life-saving interventions made by BTP officers, rail staff and members of the public has risen by 40%.

Key Achievements

In reviewing the in-year performance it is also important to reflect on the ongoing and significant programme of business change in relation to operating structures, resource deployment, ways of working and quality of information which have been underway in parallel. All of these activities seek to drive improvements in efficiency and effectiveness in future years. While there have been operational performance challenges during 2016/17 the risk of being a victim of crime has been kept under control with crime rates per million passenger journeys remaining very low on underground and overground services. Much work has been done during the year to address a range of issues which affect rail disruption and staff and passenger confidence. Full details of BTP's performance can be found in the Performance Analysis section.

This section sets out activities, achievements and challenges in 2016/17, as defined by our strategic and annual operational objectives. In 2013 the Authority's strategic plan set out our ambition to make a step change in the quality of and efficiency with which we deliver our policing services. This translated into the following key strategic objectives to be delivered by 2019:

- Reduce crime on the railway by at least 20% against 2012/13 figures
- Reduce minutes lost to police related disruption by at least 20% against 2012/13 figures

- Increase passengers and staff confidence by at least 10% against 2012/13 figures

- Deliver value for money.

We developed these priorities with a wide range of stakeholders ahead of the launch of our strategic plan in 2013/14. Our stakeholders confirmed that these priorities remained relevant for the business year 2016/17 and formed the basis on which we developed our operational objectives or targets.

* National Rail figures based on projected passenger journey numbers.

To achieve the four strategic objectives by 2019, national targets were included in the policing plan for 2016/17, these were to:

Objective	Commentary
Reduce crime	
<p>Reduce notifiable crime by at least 5%</p> <p>✗ (result - 8.1% increase)</p>	<p>Notifiable crime (excluding police generated) is up 8.1% against 2015/16 on the rail and underground network. A number of successful policing initiatives saw more crimes being reported which contributed to this rise. The rate of crimes per million passenger journeys remains low in 2016/17 with 23 crimes per million passenger journeys on the National Rail/overground network* and fewer than 8 crimes per million passenger journeys on the underground.</p>
Reduce disruption	
<p>Reduce police related disruption minutes by at least 5%</p> <p>✗ (result - 6.8% increase)</p>	<p>This year overall disruption minutes were up 6.8% against 2015/16, against a target to reduce by 5%. Primary delay, those minutes over which BTP has most influence, was up by 5% and reactionary delay minutes were up by 8% across the year.</p>
Increase confidence	
<p>Passenger confidence level to be at least 80.2%</p> <p>Tbc</p>	<p>The latest passenger confidence rating as measured by the National Rail Passenger Survey will be available at the end of July 2017. In autumn 2016 the mid-year result was 78.2% so this is just short of the 78.82 YTD target.</p>
<p>Rail staff confidence to be at least 69.1%</p> <p>✗ (result - not achieved)</p>	<p>Data from BTP rail staff survey available at the end of June 2017, data from the June 2016 survey suggests this target will not be met but confidence may have improved.</p>
<p>Implement year 2 of the safeguarding strategy</p> <p>✓ (result - achieved)</p>	<p>Continue the roll out of safeguarding children on transport programme</p> <ul style="list-style-type: none"> All key hubs now have at least one safeguarding on transport trained champion. The awareness raising programme has also been extended to incorporate vulnerable adults <p>Review the implementation of the other adults at risk process</p> <ul style="list-style-type: none"> The system for handling domestic abuse cases has been refreshed New integrated crime recording system supports better information gathering and analysis <p>Single point of contact for all safeguarding matters</p> <ul style="list-style-type: none"> Safeguarding hub acts as point of contact for all BTP partners on the recognised safeguarding and vulnerability strands

Objective	Commentary
<p>Implement year 2 of the safeguarding strategy</p> <p>✓ (result – achieved)</p>	<p>Improved communication and engagement</p> <ul style="list-style-type: none"> • Dedicated engagement resource in place • Training for officers on capturing accurate and relevant information at first point of contact • System in place to share BTP reports with victim home force
Deliver value for money	
<p>Reduce the cost of policing to less than 0.32 pence per passenger kilometre</p> <p>✓ (result – achieved)</p>	<p>The cost per passenger kilometre for 2016/17 was 0.32 pence, achieving the target set.</p>

Financial performance

The Net Deficit for the financial year was £51.9 million (2015/16: £63.4 million), £49.3 million (2015/16: £56 million) of which relates to an IAS19: Employee Benefits pensions (“IAS 19”) accounting adjustment. The result excluding the IAS19 adjustment is therefore £2.6 million Deficit (2015/16: £7.4 million). Much of this deficit has arisen due to the expense of the pensions schemes, measured in accordance with accounting standards, significantly exceeding the employer and employee contributions into the scheme. As agreed with the Department for Transport, only the employer contributions into the scheme are taken into account in setting charges to the train operating companies.

There has been a movement of £4.4 million in working capital in the year. This is a result of a significant improvement in the timeliness of payments to suppliers. There are a number of uncollected debtors that remain outstanding at the financial year end that increase the level of debtors.

Going concern

The negative equity reported arises due to the Authority’s substantial net liabilities related to defined benefit pension schemes. As disclosed in Note 25 and the Director’s report, contributions to the schemes are based on periodic actuarial valuations, including contributions for any past service deficit. The income receivable under Public Service Agreements (“PSAs”) and from Transport for London is calculated to include such contributions and after excluding IAS19 adjustments, however this has been notably reduced from the deficit shown in the prior financial year.

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

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

Performance analysis

Operational analysis

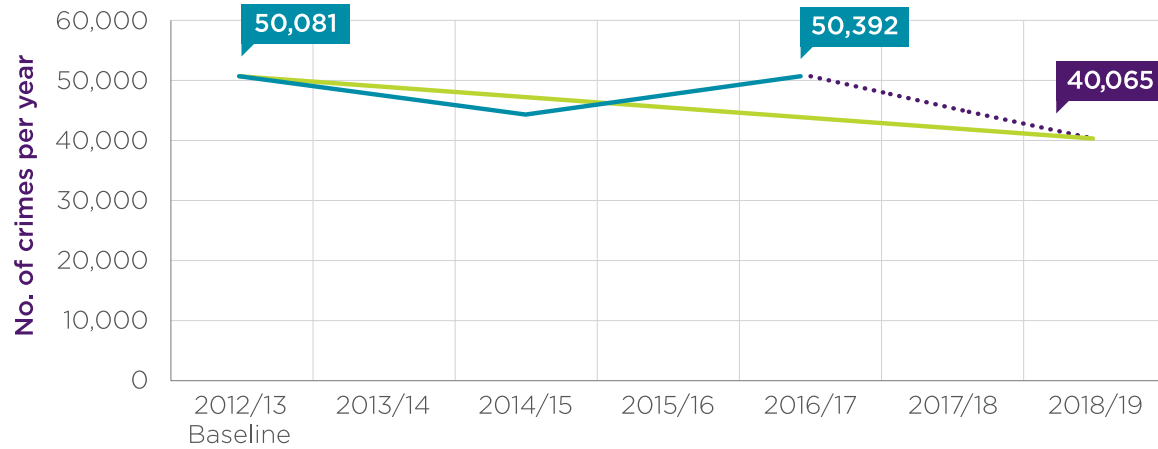


Long term trends

As noted above, this Authority has secured support from our industry partners to move away from the '20:20:10' measures for 2017/18 and have issued a new style policing plan based on a broader performance framework still built around tackling crime and disruption and improving confidence. However it is important to reflect on progress that was made during 2016/17 against our current strategic objectives:

1

Reduce notifiable crime



Key: — Linear 20% reduction — Performance since 2012/13 Required reduction

Our challenges and achievements:

Recorded crime increased by 8% in 2016/17, this is the second year running in which crime on the railway has increased and, overall, crime is now 0.6% up since the start of the strategy and we will not meet our overall strategic objective. However, this should be viewed in the context of a substantial rise in passenger journeys of 62 million during the year and continued expansion and commercialisation of the rail estate. The chance of becoming a victim of crime on the railway remains very low, with just 23 crimes recorded per million overground journeys recorded, down from 27.4 in

2012/13. Taking all rail journeys into account the risk of being a victim is even lower with just 16 crimes per million passenger journeys on underground and overground services.

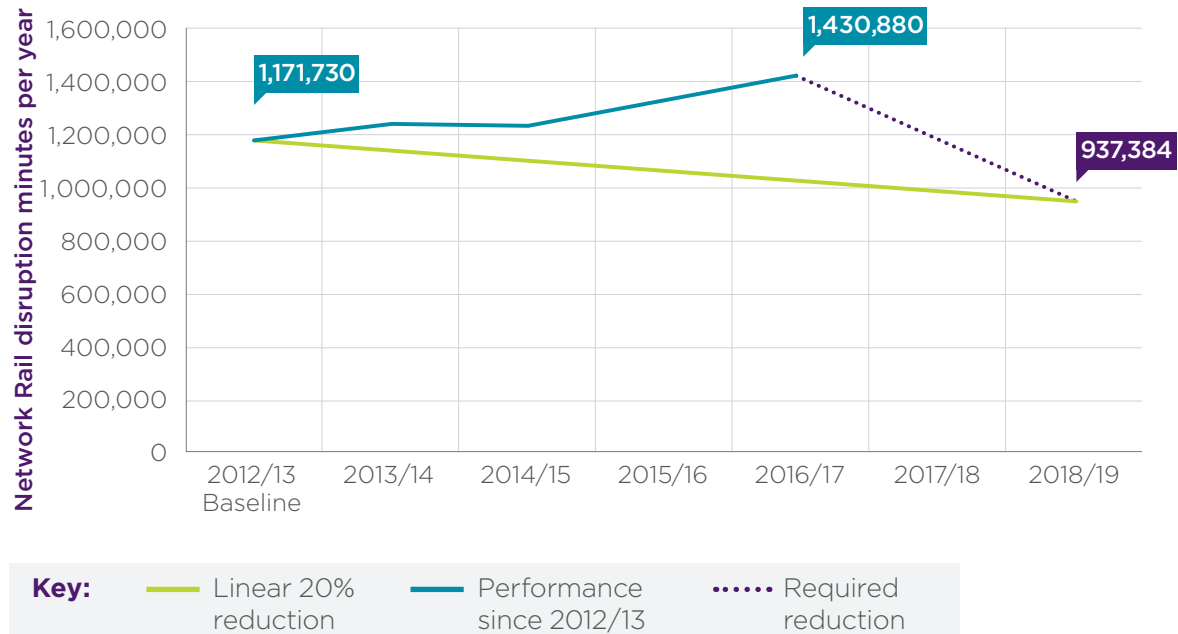
As we reported in our annual report for 2015/16 this increase in crime is line with an overall upward trend for Home Office forces. A further factor in this year’s increase in crime has been a number of ongoing initiatives, such as ‘Report it to Stop it’ and the text 61016 number which continue to both actively encourage reporting of crime and antisocial behaviour and make it easier for members

of the public to do so. The Force’s performance around accuracy of crime recording has also improved this year with more crimes being recorded correctly and in a more timely fashion than at the start of the year.

We believe that encouraging reporting and improving the quality of recording is the right thing for BTP to do and these activities are probably still capturing crimes which have previously not been identified.

2

Disruption - reduce police-related lost minutes



Our challenges and achievements:

Overall, police related disruption on the railway was up by 6.8% in 2016/17 compared with 2015/16, and continues to rise steadily. Although primary disruption minutes, those over which BTP has most influence were up by 5% overall, reactionary minutes i.e. those occurring after the initial incident is resolved, were up 8%. Overall police-related lost minutes have increased by 22% compared to the 2012-13 baseline for our strategy, a 42% reduction in delay is needed by the end of 2018/19 to meet this strategic objective and therefore it is very unlikely that this will be achieved.

The context for this performance, as we have previously reported, is that the rail network continues to get busier with passenger

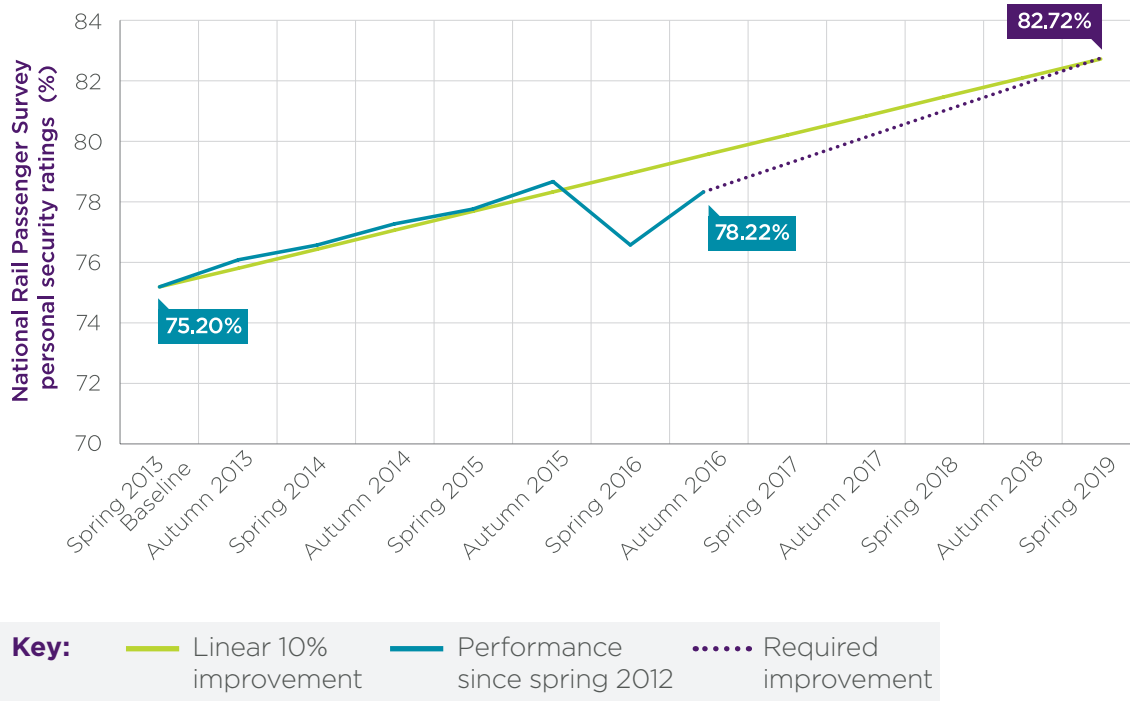
journeys increasing every year; this means that each disruptive event now accrues more delay minutes and affects more passengers.

Despite the challenges, BTP has continued to work closely with its industry partners to lead a range of joint police/industry responses to tackling the various causes of disruption and minimising disruption when it does happen. This has led to some notable successes including a 67% reduction in delay minutes attributed to cable theft compared with 2015/16; and at a local level our Pennine sub-Division which reduced overall disruption by almost 10%, meaning 29,000 fewer delay minutes

for passengers and freight customers than in the previous year.

Of particular note is the ongoing work with the industry to prevent suicide and the disruption this causes on the network. In 2016/17 BTP, with its partners, made over 1,800 lifesaving interventions on the rail network, managed over 1,900 suicide prevention plans and responded to over 9,000 incidents relating to suicide prevention and mental health. In addition to the significant preservation of life this focus has saved over £390 million in delay related costs for the industry.

3 Confidence - improve passenger confidence



Our challenges and achievements:

As the Authority reported last year, having secured increases in satisfaction with personal security in each of the National Rail Passenger Surveys (NRPS) since the start of the strategy, the spring 2016 results saw an unexpected decrease both on train and at station. Encouragingly the autumn 2016 survey saw this position reverse with a score for satisfaction with personal security on train and on station of 78.8%. We await the results of the spring survey after the laying of our accounts and, whilst still challenging, expect that BTP will still have met its year-end target of 80.2%.

Where BTP has focused problem solving activity at stations identified as having persistent low levels of passenger confidence an increase in passenger confidence has been evidenced in more than half of the stations targeted. The Force also tackled rail staff satisfaction with personal security during 2016/17 working towards a target to achieve an overall satisfaction rating of 69.1% by year end. The survey, which sought the views of over 5000 staff from across the rail industry, is due to report in July 2017. However the results of the most recent survey carried out at the start of 2016/17 show confidence

had increased slightly to 64.9% up from 64.8% in 2015/16 but the overall target is unlikely to be met by 2019.

The Force and Authority remain committed to better understanding the factors which should improve passenger confidence in order to pursue this strategic objective.

Safeguarding

Keeping vulnerable people safe continues to be a priority for both the Authority and the Force. In 2016/17 BTPA sought to build on the good work delivered in 2015/16 by committing to implement the second phase of the BTP safeguarding strategy. This commitment included work in a number of areas such as;

- assessing and evaluating BTP's links to Home Office forces and other agencies to ensure joined up working
- reviewing and refining internal processes to ensure efficient referral of cases to other forces and agencies
- an update to BTP's training on Domestic Abuse Stalking and Harassment

- continued roll out of the safeguarding children on transport programme delivered in partnership with the Railway Children charity and the rail industry
- ensuring BTP's new integrated crime and incident systems enable accurate recording and retrieval of information relating to safeguarding matters

BTP has continued to work closely with The Railway Children charity to develop and roll out vulnerability awareness training across the network. The original "Safeguarding Children on Transport" awareness training package has now been extended to cover adult vulnerability as well as children.

BTP have identified over 90 champions who have received training to allow them to deliver short briefing sessions to staff working on the rail networks. Improvements in how BTP tackles safeguarding matters and improved engagement by the rail industry were acknowledged in the evidence provided by Railway Children to the Transport Committee's inquiry on rail safety and security in 2016.

4

Value for money

Our challenges and achievements:

Cost per passenger kilometre was the key metric used in Sir Roy McNulty's 2011 study of value for money on the railways; the Authority adopted this metric as a way of demonstrating our focus on efficiency and containing the cost of policing despite ongoing passenger and freight growth. Latest figures for budget and passenger journeys for the calendar year 2016 show the annual target to reduce the cost of policing in terms of 'cost per passenger kilometre' was being met at 0.32p.

Areas where efficiencies were identified in-year which have enabled BTP to respond to increased demand without additional resources have included;

- Estates - BTP has completed moves out of premises across A, B and C divisions with further moves planned for 2017/18. In all, savings of almost £1 million were secured via the estates rationalisation programme in 2016/17.

- The justice department review achieved in-year savings of £120,000 and continued to case file quality and more efficient and effective working relationships with the Crown Prosecution Service.

Financial analysis

	Year ending 31 March 2014 £000	Year ending 31 March 2015 £000	Year ending 31 March 2016 £000	Year ending 31 March 2017 £000	Budget 2017/18 £'000
Income	280,724	286,835	290,084	290,679	297,757
Expenditure	(324,395)	(311,791)	(353,486)	(342,568)	(298,100)
Net Deficit	(43,671)	(24,956)	(63,402)	(51,889)	(343)
Adjusted net surplus/(deficit)	1,441	3,994	(7,402)	(2,609)	N/A
Assets and Liabilities					
Non Current Assets	56,646	55,168	60,459	54,688	N/A
Total Assets	109,884	103,840	106,738	98,150	N/A
Current Liabilities	(34,263)	(31,192)	(42,031)	(34,841)	N/A
Non Current Liabilities	(357,393)	(631,067)	(492,284)	(776,724)	N/A
Taxpayers Equity	(281,772)	(558,419)	(427,577)	(713,415)	N/A



Five-year financial performance

The table shows financial outturn figures for the year ending 31 March 2014 to the year ending 31 March 2017 and the budget for 2017/18. BTP has been funded against a Medium Term Financial Plan (MTFP) from 2013 to 2019 that ensures annual funding is limited to increases in line with RPI.

The Authority approved a budget for 2017/18 which included allowance for a spend of £3.5 million for growth in counter terrorism resourcing.

As a result of internal audit report and finance review recommendations undertaken in 2015/16, significant effort was made to improve the control environment surrounding finance. In the prior financial year this resulted in a write down of assets, and the continued review of non-current assets resulted in further write-downs this year. The write down is included within the losses disclosure in the Parliamentary Accountability and Audit Report.

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

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 2016 shows net pension liabilities of £491.4 million. The net liability of the scheme on 31 March 2017 was £775.7 million, an increase of £284.3 million in the year.

The reason for this change is the lower discount rate and higher inflation rate assumptions which have increased the benefit obligation. The Department for Transport (DfT), as the Authority's sponsoring department, underwrites any pension shortfalls.



Current year performance

The net deficit for the financial year was £51.9 million (2015/16: £63.4 million), £49.3 million (2015/16: £56 million) of which relates to an IAS19: Employee Benefits pensions (“IAS 19”) accounting adjustment. The result excluding the IAS19 adjustment is therefore £2.6 million deficit (2015/16: £7.4 million). Much of this deficit has arisen due to the expense of the pensions schemes, measured in accordance with accounting standards, significantly exceeding the employer and employee contributions into the scheme. As agreed with the Department for Transport, only the employer contributions into the scheme are taken into account in setting charges to the train operating companies.

There has been a decrease of £5.8 million in staff costs, from £269.2 million in 2015/16 to £263.4 million in 2016/17. This has been caused by a reduction in staff numbers.

Trade and other payables have decreased by £8.5 million, from £38.5 million in 2015/16 to £30 million in 2016/17. This is due to clean-up activities undertaken during the year to resolve any payable balances older than 90 days by either correctly allocating cash received against these, or writing off any unrecoverable amounts.

Provisions have increased by £1.2 million, from £3.6 million in 2015/16 to £4.8 million in 2016/17. This increase is as a result of continued efforts to apply a more prudent accounting judgement for legal and dilapidation provisions and the clean-up exercise of historic provisions that was completed in this financial year.

Cash balances held at 31 March 2017 total £15.7 million. Cash balances held at year end have fallen over the past two years by £12.7 million (£10.4 million between 31 March

2016 and 31 March 2017, and £2.3 million between 31 March 2015 and 31 March 2016).

The net operating cash inflows over the past two years totalled £11.1 million whilst cash outflows relating to investing activities (purchase of assets) totalled £22.2 million. Given the size of this cash outflow, work is in progress to assess the level of cash reserves needed to support future business requirements.

The carrying value of property, plant and equipment at 31 March 2017 was £43.7 million (31 March 2016: £50.9 million). The reduction in value reflected:

- reduced asset additions of £3.3 million (31 March 2016: £11.5 million); the significant reduction reflected slippage in the capital programme; and
- an increased in-year depreciation charge of £10.6m (31 March 2016: £8.8 million); the increase reflected a review of the useful asset lives and residual values.

The carrying value of intangible assets at 31 March 2017 was £11 million (31 March 2016: £9.5 million). Intangible asset additions were £3.3 million (31 March 2016: £5.8 million) consisting mostly of software and licences. The in-year amortisation charge was £2.5 million (31 March 2016: £2.4 million).

Trade and other receivables due within one year at 31 March 2017 were £26.7 million (31 March 2016: £18.5 million). The increase is due to:

- an increase in trade receivables of £3 million, due to timing differences; and
- an increase in prepayments and accrued income of £5 million because of the timing of recovery of the 2015/16 final core PSA charge and the recovery of 2016/17 growth for counter terrorism.

Improving efficiency

The BTPA is committed to improving efficiency. The Strategic plan sets out a commitment to contribute to the 30% unit reduction in cost per passenger kilometre that was recommended by the McNulty Report. The BTP delivered efficiency savings of £10.6 million in 2016/17.

In October 2016 an efficiency plan was developed that sought to deliver 8% savings over a four year period to 2020/21. With continuing growth in rail passenger numbers and increases in freight volume, increasing demand and cost pressures, the Force is increasing its focus to ensure that it can demonstrate improving efficiency across all aspects of its activities. An Efficiencies Board has been established that systematically reviews the work underway on improving efficiency.

The key areas include:

- Infrastructure;
- Frontline Policing;
- Workforce;
- Operational Support;
- Digital; and
- Back office.

The ambition of the efficiency programme is to harness technology, innovation and efficiency use of resources to deliver more customer-focused and flexible services at lower cost.

Sustainability report

BTPA is determined to ensure that the operations of policing the railways meet 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.

BTP achieved a 3.2% reduction in greenhouse gas emissions in the first phase of the GGC 2010/11 - 2016/17. The Authority has a challenging 28.8% overall reduction in carbon emissions to achieve over the coming five years. However, we have made encouraging inroads against the key GGC targets as shown in the table below.

Progress against GGC operational targets

Greening Government Commitments	Baseline 2009/10	Operational target to 2020-21	Operational target to 2016/17	2016/17 performance	Progress in 2016/17	Total progress to 2016/17
<*Greenhouse Gas Emissions (tonnes/CO2)	8,647t	-32%	-16%	7,762t	-7%	-10.2%
Waste to landfill as a %ge of total waste	n/a	<10%	n/a	49%	+36%	49%
*Water (m ³ /FTE)	20m ³	<4-6m ³	n/a	5.43m ³	-12%	-72.9%
*Paper (reams A4 equivalent)	25,562t	-50%	-32%	20,787t	-16%	-18.7%
Domestic Flights (Number of flights)	416	-30%	-19%	211	-35%	-49.3%

* Baselines have been re-stated from the previous report to take account of changes in source data and more complete billing and usage information.

** Sustainability reporting includes our operations excluding those for TFL and all buildings where we pay un-metered charges.



Greenhouse gas emission (tonnes/CO₂)

In 2016/17 we have reduced the greenhouse gas emissions arising from operations by 7%, which is the most achieved in any year of the GGC scheme. This is largely due to a significant reduction in the estate arising from the exits of Caledonian Road and Camden Street in July 2016, resulting in lower consumption of energy (electricity and gas). Additional reductions of smaller premises have been undertaken this year to streamline the carbon footprint further, including exiting sites at Shipley, Bradford Interchange, London Poplar and London Bishopsgate.

The cyclical vehicle fleet replacement programme has continued to specify and purchase the most fuel-efficient engines for the operational models required, and maintains a global standard of Euro6 compliance across all new vehicle purchases. The five hybrid Toyota Prius models purchased in early 2016 are now in operational use and the charging infrastructure is installed at BTP base locations.

Over the medium-term the Estates Strategy will continue the drive towards a smaller estate, targeting the rationalisation of significant premises in the portfolio:

Manchester Piccadilly (5th & 6th floors), Manchester Portland Street, Cardiff Callaghan Square (1st floor), Newcastle Neville Street, and London Holmes House.

In addition, we have launched the first phase of the GOING GREEN staff engagement campaign, specifically targeting the reduction of energy usage through the SWITCH OFF message and the reduction in fuel consumption through the DRIVE SMARTER campaign.

SWITCH OFF encourages staff to turn off their desktop computers, lights, electrical equipment when not in use, and is supported by a 'toolkit' of posters, stickers, and news bulletins for all locations to display as visible and impactful reminders to staff. Similarly, DRIVE SMARTER encourages drivers to adopt fuel efficient behaviours, supported by a toolkit of key rings, posters and vehicle log book inserts reminding all drivers to change gear at 2,000 rpm, check tyre pressures and remove excess weight from their vehicle.

The GOING GREEN campaign has developed a network of local 'Green Champions' who will monitor the effectiveness of the campaign and play a key role in promoting staff participation in suggesting new initiatives.



Waste to landfill

Waste to landfill continues to be the most challenging target for the organisation to achieve. Over the reporting period the amount of waste to landfill has increased considerably by 36%. This continues the impact of Operation Canberra, a mass exercise conducted over the past 18 months to properly organise, archive, and subsequently safely dispose of paper documentation as part of a refreshed focus on information compliance. The high proportion of waste to landfill is also reflective of ongoing challenges in the management of waste and the associated quality of measurable data, where currently waste management is devolved across a number of local contractors and the provision of corporate recycling facilities is limited to the major locations.

This will change considerably under the forthcoming Total Facilities Management (TFM) contract, which will reduce waste levels and increase recycling by introducing a single supplier for all waste management and

implementing standardised waste management and recycling facilities at all BTP locations.

In addition, the next phase of the GOING GREEN campaign will focus on the promotion of higher levels of recycling and waste reduction (WASTE LESS).

Water

Water consumption has reduced by 12% in 2016/17 and is at the 'good practice' benchmark of between 4m³ and 6m³ per FTE. This is again a result of progress on the Estates Strategy in reducing the number of premises, as well as the ongoing rollout of water-efficient zip taps providing potable water at stations. Further planned reductions in the estate will serve to sustain this progress.

Paper

Paper use has reduced by 16% in 2016/17 and an overall 18.7% since 2009. Whilst this is behind the trajectory required to achieve the target, the significant progress made in the past year reflects the increased pace with which digital working practices are being adopted, especially in the criminal justice arena with the introduction of NICHE reducing the need for physical copies of case files. The substitution of desktop computers for laptops as part of the desktop replacement cycle is also having a positive effect on the amount of paper generated for meetings, as is the ongoing optimisation of the fleet of multi-functional devices (MFDs) in use across the Force.

The forthcoming rollout of mobile devices and operational apps to all frontline officers will also make a significant contribution to the ongoing digitisation of working practices and the potential for further adoption of e-processes.

Domestic flights

The number of return domestic flights has been reduced by a further 35%, well in excess of the target, as the organisation continues to adhere to strict business travel approvals policies, supported by detailed management information available to all budget holders. A reduced overall volume of travel between London and Glasgow, as well as increased adoption of train travel for this journey, has worked to exceed the target.

A future phase of the GOING GREEN campaign will focus on the promotion of higher levels of video conferencing and agile working (WORK SMARTER) as effective alternatives to business travel.

Transparency

Climate change adaptations

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

Biodiversity

BTP's estate is typically located within a railway station demise, with little surrounding natural landscaping in order to maintain frontline proximity and therefore has limited impact on biodiversity. Where applicable, however, we will ensure that we assess and monitor any plants and animals sensitive to change.



The Authority has a challenging 28.8% overall reduction in carbon emissions to achieve over the coming five years."

Procurement of food and catering services

We continue to maximise the use of small and medium-sized enterprises (SMEs) in the supply chain for food and catering services, which are used exclusively for conferences and meetings. The forthcoming TFM contract includes a requirement to meet the Government target for mix of SMEs within its supply chain.

Sustainable construction

All tenders for construction services include an explicit evaluation requirement for the contractor to comply with Government Buying Standards in their sourcing of materials and management of supply chain impact on the project. Works are planned to minimise waste and maximise the reuse or recycling of furnishings and waste materials. Within the bounds of affordability, the energy efficiency of the building and furnishings is enhanced as part of any construction project. In 2017-18 the air-conditioning within the Force data centre will be replaced with units which are 25% more efficient.



16%

reduction in minutes lost for police related incidents from 119,836 in 2015/16 to 100,086 in 2016/2017.



2 Accountability report

Corporate governance report

Directors' report

Statement of Accounting Officer responsibilities

Governance statement

Remuneration report

Parliamentary accountability and audit report








Audit Certificate

Corporate governance report

Directors' report

Authority members:

Key to committee membership:

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



RT HON ESTER MCVEY PC

Chairman

Appointed 16 November 2015, resigned 28 April 2017

BTPA responsibilities:

- Police Authority: Chair
- Appointments and Remuneration Committee: Chair from 1 October 2016
- Authority lead on equality and diversity

Appointments outside BTPA:

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



MARK PHILLIPS

Interim Chairman from 28 April 2017

Appointed Deputy Chair 7 November 2016 with a term of four years and a notice period of three months

BTPA responsibilities:

- Police Authority (Interim Chair from 28 April 2017)
- Audit and Risk Assurance Committee: Chair from 1 October 2016 (temporarily replaced from 28 April 2017)
- Appointments and Remuneration Committee Chair from 28 April 2017
- Performance and Review Committee
- Governance Working Group: Chair

Appointments outside BTPA:

- RSSB - Chief Executive
- RDDS - Director
- CIRAS - Director



DOMINIC BOOTH

Appointed 1 September 2013 with a term of four years and a notice period of three months

BTPA responsibilities:

- Police Authority
- Finance Committee: Chair
- Appointments and Remuneration Committee
- Policing Plan Group

Appointments outside BTPA:

- Abellio Group: Managing Director for the UK
- Northern Rail: Board Member
- Mersey Rail: Board Member
- Greater Anglia: Board Member
- ScotRail: Board Member
- Abellio London and Surrey: Board Member



BILL MATTHEWS

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

BTPA responsibilities:

- Police Authority
- Audit and Risk Assurance Committee
- Finance Committee
- Performance Review Committee
- Policing Plan Group
- Pension Working Group

Appointments outside BTPA:

- Security Industry Authority: Deputy Chair
- BBC Trust: Trustee for Scotland (until 2 April 2017)
- HubWest Scotland Limited: Chair
- BBC Pension Trust Limited: Chair
- CICA (Criminal Injuries): Non Executive Advisor
- National Registers of Scotland: Non Executive Advisor



LEN JACKSON OBE

Interim Deputy Chairman from 28 April 2017

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

BTPA responsibilities:

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

Appointments outside BTPA:

- Ministry of Defence Police Committee Member: Non-Executive Director with MOD



DYAN CROWTHER

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

BTPA responsibilities:

- Police Authority
- People and Standards Committee
- Performance Review Committee
- Policing Plan Committee: Chair

Appointments outside BTPA:

- HS1 Limited, Chief Executive
- Railway Children, Trustee
- Railway Ball Committee, Vice Chair



ELIZABETH FRANCE CBE

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

BTPA responsibilities:

- Police Authority
- Performance Review Committee: Chair
- People and Standards Committee
- Policing Plan Group

Appointments outside BTPA:

- Security Industry Authority, Chair
- Police Advisory Board for England and Wales and the Police Pensions Scheme Advisory Board, Chair
- Aberystwyth University, Pro Chancellor and Deputy Chair
- FCA Regulatory Decision Committee, Deputy Chair
- FCA Payment Systems Regulator’s Enforcement Decision Committee, Deputy Chair
- Ofgem Enforcement Decision Panel, Member



ANDREW POLLINS

Appointed 1 September 2013 with a term of four years and a notice period of three months

BTPA responsibilities:

- Police Authority
- Audit and Risk Assurance Committee (Interim chair from 28 April 2017)
- Finance Committee
- Pension Working Group: Chair

Appointments outside BTPA:

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



STELLA THOMAS

Appointed 1 September 2013 with a term of four years and a notice period of three months

BTPA responsibilities:

- Police Authority
- Finance Committee until 1 September 2016
- People and Standards Committee
- Policing Plan Group
- Performance Review Committee



ANTON VALK CBE

Reappointed 1 September 2015 for a term of two years and a notice period of three months

BTPA responsibilities:

- Police Authority
- Appointments and Remuneration Committee
- Pension Working Group

Appointments outside BTPA:

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



BEVERLEY SHEARS

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

BTPA responsibilities:

- Police Authority

Appointments outside BTPA:

- Blue Amaranth Consulting Limited



MARTIN RICHARDS

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

BTPA responsibilities:

- Police Authority

Appointments outside BTPA:

- Independent Safeguarding Panel (Chichester Diocese)
- Sussex NHS Partnership Trust
- St Christopher's School, Hove
- Ambition School Leadership
- Sussex Cricket Limited



JEREMY MAYHEW

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

BTPA responsibilities:

- Police Authority
- Finance Committee

Appointments outside BTPA:

- UK Government's Regulatory Policy Committee
- Elected Member, City of London Corporation (Chairman, Finance Committee)
- Legal Services Board
- City of London Corporation
- City Re Limited, Director
- Crossrail Art Foundation, Trustee
- British Friends of Harvard Business School, Trustee
- Museum of London, Governor



WILLIE GALLAGHER

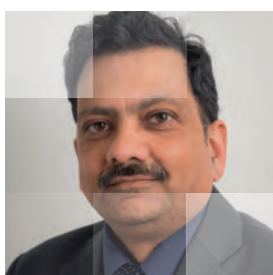
Appointed 26 January 2017 with a term of four years and a notice period of three months

BTPA responsibilities:

- Police Authority

Appointments outside BTPA:

- TSL Scotland Limited



SHRINIVAS HONAP

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

BTPA responsibilities:

- Audit and Risk Assurance Committee
- Finance Committee
- Police Authority

Appointments outside BTPA:

- Driver and Vehicle Standards Agency
- Registers of Scotland
- Speakers Committee on MP’s Expenses
- Director SaiAum Accounting Limited



RAY O’TOOLE

Appointed 2 November 2015 with a term of one year. Left the Authority 1 November 2016

BTPA responsibilities:

- Police Authority
- Finance Committee

Appointments outside BTPA:

- Essential Fleet Services Limited – Chief Executive Officer (until 31 January 2017)
- Yorkshire Water – Board Member
- Stagecoach Group PLC – Non-executive Director



BRIAN PHILLPOTT

Deputy Chairman

Appointed 1 April 2012 for a term of four years and a notice period of three months. Left on 30 September 2016 following a six-month extension to end of term.

BTPA responsibilities:

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

Appointments outside BTPA:

- Brighton Dome and Festival Charitable Trust

Authority Officers

Chief Executive Charlotte Vitty (Designate from 8 November 2016 to 31 December 2016, Interim from 1 January 2017 to 5 April 2017, permanent appointment from 6 April 2017)

Chief Executive Andrew Figgures CB CBE

(retired 31 December 2016)

Authority Finance Director (Interim) Shahida Nasim (from 7 November 2016, resigned 31 May 2017)

Authority Finance Director Charlotte Vitty (until 7 November 2016)

Authority Finance Director (maternity cover) Alistair Cook (until 8 June 2016)

BTP Chief Officer Group

Chief Constable Paul Crowther OBE

Deputy Chief Constable Adrian Hanstock

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

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

Temporary Assistant Chief Constable (Specialist Operations) Alun Thomas (appointed 02 May 2016, on a fixed contract until 31 August 2017)

Temporary Assistant Chief Constable (Crime) Paul Brogden (appointed 20 March 2017 on a fixed contract until 19 September 2017)

Director of Capability and Resources Simon Downey OBE

Interim Finance Director Stephen Park (resigned 8 June 2016),

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

Assistant Chief Constable (Territorial Policing) Robin Smith (appointed 19 September 2016)

Pension arrangements

BTP follows IAS 19: Employee Benefits which has resulted in the liabilities of the British Transport Police Force Superannuation Fund (“Police Officer scheme”) and the British Transport Police Shared Cost Section of the Railways Pension Scheme (“Staff scheme”) being recorded on the Statement of Financial Position. Refer to note 25 for further disclosure relating to the two pension schemes. Refer to note 2.19 for the Authority’s accounting policy for pensions.

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

Personal data related incidents

There were 34 incidents involving personal data breaches this year, compared to 21 in 2015/16. 5 of this year’s incidents were reported to the Information Commissioner, compared to 2 in 2015/16.

Information rights

In 2016/17 the BTPA received 675 requests for information which were handled under the Freedom of Information (FOI) Act 2000. We met the statutory response deadlines in 99.71% of cases.

Fraud, bribery and whistleblowing

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

Auditors

The accounts of the British Transport Police Fund are audited by the Comptroller and Auditor General (“C&AG”) under the Railways and Transport Safety Act (2003). The cost of the audit is £106,000 (2015/16: £106,000). The C&AG did not undertake any non-audit work for the BTPA (2015/16: £nil).

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

Other Parliamentary Disclosures

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

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

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

Events occurring after the reporting date

The election held on the 8 June resulted in the formation of a new government. This is a non-adjusting event. A reasonable estimate of the financial effect of this event cannot be made.

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



Charlotte Vitty
Accounting Officer
Date 11 July 2017

Governance Structure

The Authority

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

- #### Statutory duties
- Secure the maintenance of an efficient and effective police force
 - Ensure the efficient and effective policing of the railways
 - Appoint the Chief Constable, Deputy Chief Constable and Assistant Chief Constables.
 - Enter into Police Service Agreements with railway operators
 - Regulate the government, administration and conditions of those employed by BTP
 - Set a strategy, objectives and budget for the policing of the railway

Sub-committees

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

- #### Finance
- Advise the Authority on the preparation of the annual revenue and capital budget.
 - Assess progress against delivery and spend on capital projects and major revenue schemes.
 - Review annual Police Service Authority ("PSA") charges.

- #### People and Standards
- Overseeing the arrangements for handling complaints and managing conduct cases.
 - Monitoring trends in complaint allegation type and identifying issues for organisational learning
 - Oversee the work on People and Development, including HR activity, sickness levels.
 - Ensure adequate Health & Safety arrangements.
 - Development, including HR activity, sickness levels.
 - Ensure adequate Health & Safety arrangements.

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












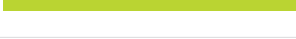
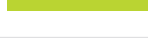


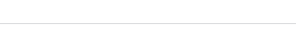



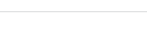
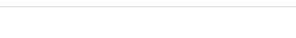


- #### Audit and Risk Assurance
- Review and advise on matters relating to the internal and external audit of BTPA.
 - Provide an opinion on whether reliance can be placed on internal controls.
 - Provide the Authority and Accounting Officer with a recommendation to sign the financial statements and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

- #### Performance Review
- Monitoring and challenging operational and organisational performance and efficiency.
 - Overseeing deployment of taser and firearms and ensuring the delivery of mandatory training to maintain these capabilities.

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



Committee attendance

Member name	Number of full Authority meetings attended/number of Authority meetings available	Number of Appointment and Remuneration Committees attended/number of Committee dates available	Number of Audit Committees attended/number of Committee dates available
Esther McVey	6 / 6 	3 / 3 	
Mark Phillips	6 / 6 		5 / 5 
Brian Phillpott	1 / 2 	2 / 2 	2 / 2 
Dominic Booth	6 / 6 	1 / 3 	
Elizabeth France	5 / 6 		
Len Jackson	6 / 6 	3 / 3 	
Bill Matthews	6 / 6 		3 / 5 
Andrew Pollins	5 / 6 		4 / 5 
Stella Thomas ²	6 / 6 		
Anton Valk	5 / 6 	3 / 3 	
Dyan Crowther ³	5 / 6 		
Ray O'Toole ⁴	2 / 2 		
William Gallagher ⁵	1 / 2 		
Martin Richards ⁶	2 / 2 		
Beverley Shears ⁷	1 / 2 		
Shrinivas Honap ⁸	2 / 2 		1 / 1 
Jeremy Mayhew ⁹	2 / 2 		

 = Attendance not required

¹ Brian Phillpott's term ended on 30 September 2016

² Stella Thomas left the Finance Committee on 1 September 2016 and joined the

Performance Review Committee

³ Dyan Crowther left the Performance Review Committee on 1 September 2016 to chair the Policing Plan Group.

Member name	Number of Finance Committees attended/number of Committee dates available	Number of People and Standards Committees attended/number of Committee dates available	Number of Performance Review Committees attended/number of Committee dates available	Number of Policing Plan working group attended/number of Committee dates available
Esther McVey				
Mark Phillips			3 / 4 	
Brian Phillpott				
Dominic Booth	6 / 7 			2 / 3 
Elizabeth France		4 / 4 	4 / 4 	3 / 3 
Len Jackson		4 / 4 		
Bill Matthews	7 / 7 		3 / 4 	3 / 3 
Andrew Pollins	6 / 7 			
Stella Thomas ²	2 / 3 	4 / 4 	2 / 2 	3 / 3 
Anton Valk				
Dyan Crowther ³		3 / 4 	2 / 2 	2 / 3 
Ray O'Toole ⁴	2 / 3 			
William Gallagher ⁵				
Martin Richards ⁶				
Beverley Shears ⁷				
Shrinivas Honap ⁸	2 / 2 			
Jeremy Mayhew ⁹	1 / 2 			

⁴ Ray O'Toole's term ended on 1 November 2016.⁵ William Gallagher joined the Authority on 26 January 2017⁶ Martin Richards joined the Authority on 26 January 2017⁷ Beverley Shears joined the Authority on 26 January 2017⁸ Shrinivas Honap joined the Authority on 26 January 2017⁹ Jeremy Mayhew joined the Authority on 26 January 2017

Accounting Officer's responsibilities

Under the Railways and Transport Safety Act (2003), the Secretary of State for Transport has directed the Authority to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Authority and of its income, expenditure, changes in taxpayers' equity and cash flows for the financial year.

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

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

- prepare the financial statements on a on-going concern basis.

The Accounting Officer of the Department for Transport has designated the Chief Executive as the Principal Accounting Officer of the British Transport Police Fund. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Authority's assets, are set out in *Managing Public Money* published by the HM Treasury.

The Chief Constable has been appointed as an Additional Accounting Officer by the Chief Executive with the agreement of the principal Accounting Officer of the DfT.

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

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

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

This report references areas of control weakness identified in 2016/17, as well as limited assurance rated Internal Audit reviews. While this reduces the level of assurance I am able to provide on the effective operation of controls across the whole financial year, I can provide assurance on the significant work undertaken to identify and rectify these weaknesses.



The Police Authority

The Authority meets six times a year, and is required to make specific decisions according to the statutory duties noted above. It also meets once out-of-Committee to review the first quarter.

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

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

Sub-Committees

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee (ARAC) is chaired by Andrew Pollins from 28 April 2017 (previously chaired by Mark Phillips). It has four members, met six times in 2016/17 and undertook a wide range of assurance activities, including overseeing:

- the Internal and external Audit programmes;
- Her Majesty’s Inspectorate of Constabulary (HMIC) inspection programme;
- the submission of a Management Assurance Return to the DfT;
- the separate Finance and Governance Reviews and reviewing progress against consequent action plans.



A strong system of internal control that supports the achievement of the British Transport Police Authority’s (“the Authority”) policies, aims and objectives, whilst safeguarding the funds and assets”

In the year, Internal Audit assessed the controls in respect of Accounts Payable and Fixed Assets as being limited.

Internal audit topic	Follow up action
Accounts Payable	<ul style="list-style-type: none"> • Regular reconciliation of the supplier’s accounts • To update the policies and procedures
Fixed Assets	<ul style="list-style-type: none"> • To update the policies and procedures • Fixed asset register and the ledger reconciliation are undertaken and reconciling items area cleared on a timely basis; • Fixed Asset Management Plan (FAMP) to be put in place. • To consider triangulation of existing information sources as a more efficient means during the FAMP review.
Charging Model	<ul style="list-style-type: none"> • At the year end date the internal audit work on this area was still on going.

Appointments and Remuneration Committee

The Appointments and Remuneration Committee is chaired by Mark Phillips from 28 April 2017. It has four members, met three times in 2016/17 and considered a range of workforce issues, including:

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

Finance Committee

The Finance Committee is chaired by Dominic Booth. It has four members, met seven times in 2016/17 and performed the following activities:

- advising the Authority on the preparation of 2017/18 annual revenue and capital budget;
- reporting to the Authority on spend against the 2016/17 budget and on forecast outturn;
- reviewing business cases and contracts for significant capital projects and recommending approval to the Authority where appropriate;
- tracking the progress against delivery and spend of total capital projects in the year;
- assessing the 'washup' PSA charges for 2015/16 and provisional charges for 2017/18 and recommending Authority approval;
- tracking the progress of the finance department action plan;
- reviewing and recommending a 2017/18-19/20 medium term financial plan;

Performance Review Committee

The Performance Review Committee is chaired by Elizabeth France. It has five members, met four times during 2016/17 and considered a range of standing and 'thematic' matters as set out in its annual plan of work for 2016/17, including:

- progress against the annual policing plan 2016/17;
- use of force (including stop and search and taser/firearms);
- development of an Equality Diversity and Human Rights strategy with a particular focus on operational delivery;
- performance of BTP's criminal justice functions;
- thematic reports on contact management, cyber crime, and implementation of Niche.

People and Standards Committee

The People and Standards Committee is chaired by Len Jackson. It has four members, met four times during 2016/17 and considered a range of police complaints, discipline and people and development issues, including:

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

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

Policing Plan Group

The Policing Plan working group is chaired by Dyan Crowther. It has four members and is an annual task and finish group, which usually meets three times between October and February to determine BTP national and local targets. These targets are subsequently published in annual policing plans approved by the Authority at its full March meeting. The 2017/18 Policing plan was delivered during the financial year.

Pensions Review Working Group

The Pensions Working Group, chaired by Andrew Pollins, was set up to review and oversee the adoption of a new pension scheme for Police officers. The new Police officers scheme was adopted on the 1 April 2016 for new recruits. During 2016/17 the working group has started a review of the current Police Staff Scheme with the intention of introducing any changes by 1 April 2018.

Governance Review Working Group

The Governance Review Working Group is chaired by Mark Phillips, it was established to drive the implementation of the recommendations arising from the independent governance review of the arrangements between the sponsoring department, Authority and Police Force. The Group reviewed the recommendations and developed a prioritised implementation plan which was approved by the Authority in November. The Group drove delivery of the plan and was disbanded in March having fulfilled its terms of reference.

Executive Team

The Authority has an Executive Team of twelve led by myself, Charlotte Vitty, Chief Executive. I am the principal advisor to the Authority and I lead and direct the Authority staff to ensure the Authority achieves its objectives. I am also the Accounting Officer of the Authority.

The Authority Finance Director serves on the team and fulfils the roles of Treasurer to the Authority and Deputy Chief Executive with the responsibility for the proper management of the BTP Fund. This enables the Authority to receive independent financial advice in all aspects of its activity, including the strategic planning and policy making process, as well as on budgetary matters. The permanent role of the Finance Director is currently vacant and a suitable incumbent will be appointed before the end of 2017.

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

Risk management

Further to the Governance Review undertaken in 2015/16, highlighting the requirement to mature the Authority's risk management arrangements, a joint Strategic Risk Register has been developed as well as defining and agreeing the Authority's risk profile.

Risks are assessed against their potential impact and probability on a scale of one (low) to four (high). These two scores are combined to give an inherent risk rating. The impact of mitigating actions is taken into account in providing

a final residual risk rating. The joint senior management teams review both strategic and operational risks. This process produces a Strategic Risk Register that includes strategic risks (risks to the achievement of the strategy and policing plan) but also includes other significant risks (programme, project or operational) that should be brought to the attention of the Audit and Risk Assurance Committee and the Authority Board.

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

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

Statement of information risk

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

Compliance with the Cabinet Office, Data Protection Act 1998 Principle 7, and the Association of Chief Police Officer (Scotland) Community Security Policy (ACPO(S)) is required.

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

In light of concerns raised regarding the storage of physical records in the prior year, an update of all related policies and increased level of control has been put in place. An Information Governance Board with the SIRO as Chair has been created



in order to monitor information management. The Information Commissioner's Office has been informed of the action taken.

Personal data related incidents

There were 34 (2015/16: 21) incidents involving personal data breaches. Of these 6 (2014/15: 2) were reported to the Information Commissioner.

Other assurance activities

Governance Review

A Governance Review was undertaken by external consultants who reported at the end of 2015/16. The review found that the Authority was meeting its statutory duties as defined in legislation and the governance systems reflect the national scale and business operations of the Force. A Governance Review Working Group was established which addressed each recommendation. The key outcome was a new streamlined and integrated committee structure commencing from 1 July 2017, a revitalisation of portfolio working for Authority members and a revised Code of Governance. A number of work streams continue beyond the life of the review including improvements in horizon scanning, BTP governance structures, and programme/project management.

Her Majesty's Inspectorate of Constabulary (HMIC)

Her Majesty's Inspectorate of Constabulary (HMIC) undertook an assessment of police, efficiency and legitimacy in February 2017. The final report has yet to be issued but one of the emerging themes is focusing on required improvements to the Force's approach to efficiency. HMIC also undertook an inspection on counter terrorism. This was not a scored inspection and no improvement

areas were identified. Progress on implementing recommendations from national reports is tracked by the Audit and Risk Assurance Committee on a quarterly basis.

Finance Review

An action plan was implemented following a Finance Review undertaken in 2015/16. The action plan addressed fundamental weaknesses in the BTP Finance Department relating to the internal control environment. A number of immediate actions to address the identified weaknesses were implemented in 2015/16 with further work undertaken in 2016/17, including a restructure of the Finance and Procurement team, strengthening of internal controls and processes and implementation of fraud prevention and detection controls. The detailed action plan was monitored by both the Audit and Risk Assurance Committee and the DfT. Regular governance meetings are in place to monitor progress and delivery of this plan.

Management Assurance Return

The Management Assurance Return submitted to the DfT reflects the control environment weaknesses, referred to above, which existed in some or all of the current year. There has been a significant level of scrutiny of the Management Assurance Return by the Audit and Risk Assurance Committee and Internal Audit prior to submission. There were two areas of limited assurance: compliance with HM Treasury approval and business critical models. Retrospective approval was obtained for a senior appointment and arrangements have been strengthened through improved awareness of requirements. The demand model was not assessed to confirm whether it was a business critical model. An assessment is being undertaken to ensure compliance with the

requirements of the McPherson Report recommendations.

Board Effectiveness Evaluation

The Authority members complete a board effectiveness evaluation annually, with independent input received every three years. This evaluation focuses on whether there is a need for the Authority, and, if so, the Authority's capacity for delivering effectively and efficiently, its governance and assurance arrangements, and potential to contribute to economic growth.

This evaluation provided assurance that the Authority and its Executive are fulfilling their statutory duties, whilst also noting some areas of improvement. These areas focused on improving relations between the Authority and the Force, improved training and appraisal processes, and a clear approach to horizon scanning to ensure the full impact of financial and non-financial changes are linked to the strategy. The work in 2017/18 will ensure that the effectiveness of the Authority and its Executive is improved.

Data security issues

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

Review of Effectiveness

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

Areas of weaknesses identified

During the financial year risks to the Force and the Authority were identified and addressed as follows:

Area of weakness	Actions taken
Counter fraud and corruption controls	<ul style="list-style-type: none"> • Fraud risk assessment undertaken and mitigating controls identified (March 2017) • Introduction of fraud detection software for payments
Risk management	<ul style="list-style-type: none"> • The Risk Management Policy was updated (November 2016) • A joint strategic risk register was developed between the Force and the Authority (August 2016)
Financial monitoring, management and control	<ul style="list-style-type: none"> • Finance Reviews occur at every period, with senior budget holders held accountable by the Finance Director and the Chief Executive • High value routine payments are authorised at Chief Officer level • Efforts have focused on ensuring procurement and finance professionals have the appropriate skill and coaching
Accounts receivable and cash and bank	<ul style="list-style-type: none"> • Introduction of credit control policy (May 2016) • Improved controls for cash allocation in the general ledger
Fixed assets	<ul style="list-style-type: none"> • Extensive review of fixed asset capitalisation, depreciation and disposal policies and processes conducted (March 2017) • Comprehensive review of the Fixed Asset Register completed- including an improvement of format. (throughout 2017) • Fixed Asset Management Plan commencing in development (March 2017)
Accounts payable	<ul style="list-style-type: none"> • Documenting of Accounts Payable process notes and maps (throughout 2017) • New Government Procurement Card policies and procedures implemented and embedded (throughout 2017) • Implementation of new counter fraud controls within the purchase to pay process (throughout 2017)
IT	<ul style="list-style-type: none"> • Independent IT review being undertaken • Revised IT Strategy is in development • Information Technology Infrastructure Library process review is undertaken
ISP system implementation	<ul style="list-style-type: none"> • Improvements to the Geographic Information System to link locations • Additional training provided to systems users (April 2016) • Business support team was established (September 2016) • Post implementation review has been commissioned
Contract management	<ul style="list-style-type: none"> • Dedicated Deputy Director (Commercial) appointed, alongside four new professionally qualified individuals • Contracts, leases and licences consolidated into one 'contracts pipeline' to track deadlines and delivery milestones
Internal Audit	<ul style="list-style-type: none"> • Recommendations have been put forward by the Government Internal Audit Agency (GIAA), of which 65 items have been addressed and the remaining 35 items are scheduled for ongoing improvement work

Area of weakness	Actions taken
Information Governance	<ul style="list-style-type: none"> • All backlogs in clearing with paper records completed (May 2016) • Revised guidance and training for staff implemented (September 2016) • Compliance audits undertaken to assess effectiveness of revised procedures (October 2016)
Professional standards	<ul style="list-style-type: none"> • Training sessions held covering public service and expectation, social media, corruption and abuse of position, and organisational and personal ethics • The existence and use of the Confidential Anonymous Reporting System encouraged
Health and Safety - Occupational Health	<ul style="list-style-type: none"> • Full establishment for occupational health advisors • Improvements to operational processes and procedures • Embedding of Trauma Risk Management arrangements
Accurate recording and administration of Out of Court Disposals	<p>Strengthening the administration arrangements for out of court disposals including:</p> <ul style="list-style-type: none"> • Updated guidance and training; • Increased scrutiny of decision making process.

The 2016/17 annual internal audit report has stated that during the financial year limited assurance can be taken on the adequacy and effectiveness of the arrangements for corporate governance, risk management and internal controls. The internal audit report noted that significant weaknesses were identified in the fixed assets and accounts payable control environments during the year. It was acknowledged, however, that by year end substantial improvements had been made to these and other areas. The internal audit report must take the results from the whole year into account, and due to the revised governance structures, processes and controls not being in place throughout the entirety of the year, the overall assessment was affected.

Evidence of significant improvements in the control processes have been seen by the Internal Audit team during follow up reviews on contract management and payroll control environments

and audit of the financial controls. The extensive efforts of the Force and the Authority have had an important transformational impact on the culture and control processes in place, and we are confident that future reports will reflect this.

Having reviewed the evidence provided to me, I am satisfied that the Authority is implementing an improved system of internal control. Further work is required in the financial year 2017/18 to fully embed the remedial action plan. I expect to be able to report further improvements at the end of the financial year 2017/18.



Charlotte Vitty
Accounting Officer
Date 11 July 2017

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Remuneration report

The appointment of the Members of the Authority

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

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

Remuneration policy and procedures

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

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

The Authority's general remuneration policy is determined by:

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

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

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

Terms of appointment

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

Authority Officers

Authority Officers	Commencement of contract	Term expiry date	Notice period required / months
Andrew Figgures, Chief Executive *	29/03/2010	31/12/2016	6
Charlotte Vitty, Finance Director **	01/09/2014	Permanent appointment	6
Alistair Cook, Interim Finance Director	08/02/2016	08/06/2016	1
Shahida Nasim, Interim Finance Director	08/11/2016	31/08/2017	3

BTP Chief Officer Group

Authority Officers	Commencement of contract	Term expiry date	Notice period required / months
Paul Crowther, Chief Constable	01/05/2014	01/02/2021	6
Adrian Hanstock, Deputy Chief Constable	14/10/2014	13/10/2019	3
Mark Newton, Assistant Chief Constable***	01/04/2014	06/04/2017	3
Stephen Thomas, Assistant Chief Constable	01/07/2007	Permanent appointment	3
David McCall, Assistant Chief Constable	08/03/2004	30/06/2015	3
Simon Downey, Director of Capability and Resources	22/04/2014	Permanent appointment	3
Stephen Park, Interim Finance Director	02/02/2016	08/06/2016 Contractor	1
Alistair Cook, Finance Director****	09/06/2016	26/01/2018	3
Alun Thomas, Temporary ACC	02/05/2016	31/08/2017	3
Robin Smith, ACC	19/09/2016	Permanent appointment	3
Paul Brogden, Temporary ACC	20/03/2017	19/09/2017	3

Stephen Park's services were obtained through Goodman Masson. The cost for 2016/17 was £48,653 (including VAT of £8,109), 2015/16 £46,374 (including VAT - £7,729).

* Andrew Figgures retired on 31 December 2016.

** Charlotte Vitty commenced her role of interim Chief Executive from 1 January 2017, until 6 April 2017 when she was appointed Chief Executive.

***Mark Newton resigned on 6 April 2017.

**** Alistair Cook commenced his employment with BTPA on 8 February 2016 as interim Finance Director. On 9 June 2016 he moved to BTP on a fixed term contract due to expire on 26 January 2018, with a notice period of 3 months.

Remuneration of Authority Members

	2016/17				2015/16				
	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	
Members									
Rt Hon Esther McVey PC	*	60-65	-	-	60-65	20-25	-	-	20-25
Brian Phillpott	*****	10-15	-	-	10-15	25-30	-	-	25-30
Dominic Booth		15-20	-	-	15-20	15-20	-	-	15-20
Elizabeth France		15-20	-	-	15-20	15-20	-	-	15-20
Len Jackson		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	***	15-20	-	-	15-20	15-20	-	-	15-20
Stella Thomas		15-20	-	-	15-20	15-20	-	-	15-20
Anton Valk		15-20	-	-	15-20	15-20	-	-	15-20
Dyan Crowther		15-20	-	-	15-20	10-15	-	-	10-15
Ray O'Toole	*****	10-15	-	-	10-15	5-10	-	-	5-10
Urmila Banerjee	*****	-	-	-	-	10-15	-	-	10-15
Jeremy Mayhew	**	1-5	-	-	1-5	-	-	-	-
Beverley Shears	**	1-5	-	-	1-5	-	-	-	-
William Gallagher	**	1-5	-	-	1-5	-	-	-	-
Martin Richards	**	1-5	-	-	1-5	-	-	-	-
Shrinivas Honap	**	1-5	-	-	1-5	-	-	-	-
Catherine Crawford	****	-	-	-	-	0-5	-	-	0-5

* Esther McVey began her term as Authority Chair in November 2015. The salary in the prior year was therefore pro-rated and this year shows the full year equivalent of £30,000-£35,000, plus additional work carried out during the year. There was a temporary uplift in the Chair's time commitment to the Authority to address a number of governance matters, however as of 28 April 2017, Esther McVey stood down as Chair.

** Full year equivalent £15,000 - £20,000.

*** Full year equivalent £25,000 - £30,000.

**** Membership term ended in 2014/15.

***** Membership term ended in 2015/16.

*****Membership term ended in 2016/17.

Remuneration of Authority Officers and Chief Officer Group

	2016/17				
	Salary £000	Compensation Payments £000	Benefits in kind (to nearest £100) £	Pension Benefits £000	Total £000
Authority Officers					
Andrew Figgures*	100-105	63	-	28	190-195
Charlotte Vitty**	110-115	-	-	23	135-140
Alistair Cook***	130-135	-	-	23	150-155
Shahida Nasim****	40-45	-	-	12	55-60
Chief Officer Group					
Paul Crowther	190-195	-	10,300	-	205-210
Adrian Hanstock	155-160	-	4,200	34	195-200
David McCall	-	-	-	-	-
Mark Newton	120-125	-	300	-	120-125
Stephen Thomas	115-120	-	9,700	-	120-125
Simon Downey	135-140	-	-	21	155-160
Robin Smith*****	55-60	-	-	-	55-60
Alun Thomas*****	100-105	-	6,600	20	125-130
Paul Brogden*****	85-90	-	-	-	85-90

Salary

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

Bonus payments

The Authority does not operate a bonus scheme.

Benefits in kind

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

	Restated 2015/16				
Authority Officers	Salary £000	Compensation Payments £000	Benefits in kind (to nearest £100) £	Pension Benefits £000	Total £000
Authority Officers					
Andrew Figgures*	120-125	-	-	-	120-125
Charlotte Vitty**	110-115	-	-	23	135-140
Alistair Cook***	10-15	-	-	-	10-15
Shahida Nasim****	-	-	-	-	-
Chief Officer Group					
Paul Crowther	190-195	-	10,800	-	200-205
Adrian Hanstock	145-150	-	4,600	33	185-190
David McCall	40-45	145-150	4,600	-	190-195
Mark Newton	115-120	-	-	-	115-120
Stephen Thomas	115-120	-	7,600	-	120-125
Simon Downey	125-130	-	-	25	150-155
Robin Smith*****	-	-	-	-	-
Alun Thomas*****	-	-	-	-	-
Paul Brogden*****	-	-	-	-	-

Performance pay

A performance management regime is in place, where objectives for the Chief Officer Group are agreed by the Authority. The performance development reviews are initiated at the year-end by the Chief Constable for the Chief Officer Group and the Chief Executive for the Authority's Executive. These are assessed by the Police Authority's Appointments and

Remuneration Committee. The only opportunity for performance related pay progression is for assistant chief constables (and civilian equivalents), who progress through a salary scale when their performance is assessed as satisfactory or exceptional. The Chief and Deputy Chief Constables receive a salary on a set rate.

* Upon his departure as Chief Executive, Andrew Figgures received a payment of £62861.37 in lieu of notice for the early conclusion of his contract with the British Transport Police Authority. His full year equivalent salary based on his role before resignation as Chief Executive was £125,000-£130,000.

** Charlotte Vitty was Finance Director until 31 December 2016, and then became interim Chief Executive on 1 January 2017. Her full year equivalent salary based on her role at the year-end of Interim Chief Executive was £140,000-£145,000.

*** Alistair Cook held the position of interim Finance Director at the Authority until 8 June 2016. From 9 June 2016 he has held the position of interim Finance Director at the Force. The salary disclosed above illustrates the salary he received in full for the entire financial year and for his time spent at both the Authority and the Force.

**** Full year equivalent £125,000-£130,000.

***** Full year equivalent £120,000-£125,000.

***** Full year equivalent £95,000-£100,000.

Pay multiples

Authority Officers	2016/17 £000	2015/16 (Restated)
Band of highest paid senior officer (including bonus and benefits in kind)	£205k-£210k	£200k-£205k
Median total remuneration	£35,016	£34,696
Ratio	5.9	5.8

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

The banded remuneration of the highest paid senior officer in the 2016/17 financial year was £205k-£210k (2015/16: £200-£205k). This is the Chief Constable and Additional Accounting Officer for Authority. This was 5.9 times (2015/16: 5.8 times) the median remuneration of the workforce, which was £35,016 (2015/16: £34,696). The median total remuneration and ratio for 2015/16 has been restated to ensure comparability with the most recent calculations.

In 2016/17 no employees (2015/16: no employees) received remuneration in excess of the highest paid Senior Officer. The remuneration of employees, excluding the highest paid senior officer, ranged from £16,174 to £159,307 (2015/16: £16,066 to £155,622).

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

Pension benefits

Railways pension scheme – Authority and BTP support staff

Pension benefits are provided for Authority and BTP support staff

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

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

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

British Transport Police Force Superannuation Fund – Police Officers

Pension benefits are provided for Police Officers through the British Transport Police Force Superannuation Fund. This is a registered pension scheme and

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

For members who joined before 1 April 2007, benefits can be taken unreduced from age 55 (except where members have a ‘protected’ pension age). Benefits accrue at the rate of 1/45th of final average salary (less 1/30th of final average basic state pension) for each year of beneficial membership. In addition, a lump sum equivalent to 1/30th of final average salary for each year of beneficial membership is payable on retirement. Members currently pay contributions of 16% of pensionable earnings (less 1.5 times the basic State Pension). Pensions in payment

and deferment are increased in line with orders made under the Pensions (Increase) Act 1971.

For Fund members who joined between 1 April 2007 and 31 March 2015, benefits can be taken unreduced from age 55 (except where members have a ‘protected’ pension age) if retiring from active service and age 65 if retiring having left the Authority. Benefits accrue at the rate of 1/70th of final average salary for each year of service. In addition, a lump sum equivalent to 4/70th of final average salary for each year of service is payable on retirement. Members currently pay contributions of 12% of pensionable salary. Pensions in payment and deferment are increased in line with orders made under the Pensions (Increase) Act 1971.

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





option to exchange some pension for cash (in accordance with HMRC rules), on terms agreed between the Trustee and the Authority from time to time. Members currently pay 10% of pensionable salary. Pensions in payment and deferment are increased in line with orders made under the Pensions (Increase) Act 1971.

On death, pensions are payable to the surviving spouse or eligible dependant at the rate of half the member's pension. Pensions are also available for members' children. Survivors' pensions may not be payable in respect of members who joined after 1 April 2007 if they have less than two years' service. On death in service the Fund pays a lump sum death benefit of four times pensionable salary and also provides a service enhancement on computing the spouse's pension, which depends on length of service.

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

Cash equivalent transfer value

A Cash Equivalent Transfer Value ("CETV") is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a

particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

CETV's are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to another pension scheme.

The increase in CETV effectively funded by the employer is shown. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) utilising commonly used standard market valuation factors for the start and end of the year.

91%

of rail staff who have been a victim of assault or aggression are **satisfied with the service they received.**

Pension benefits

Officials	Accrued values at pension age as at 31/03/17		Real increase values at pension age		CETV at 31/03/16	CETV at 31/03/17	Real increase in CETV
	Pension	Lump sum	Pension	Lump sum			
	£000	£000	£000	£000	£000	£000	£000
Authority Members							
	Authority Members are not eligible to join the scheme.						
Authority Officers							
Andrew Figgures	0-5	0-5	0-2.5	0-2.5	10	41	31
Charlotte Vitty	0-5	0-5	0-2.5	0-2.5	15	37	22
Alistair Cook	0-5	0-5	0-2.5	0-2.5	0	23	23
Shahida Nasim	0-5	0-5	0-2.5	0-2.5	0	11	11
Chief Officer Group							
Adrian Hanstock	5-10	0-5	0-2.5	0-2.5	46	98	52
Mark Newton	Opted out of scheme 14/09/2015						
Simon Downey	0-5	5-10	0-2.5	0-2.5	39	76	37
Paul Brogden	40-45	170-175	0-2.5	0-2.5	458	440	(18)
Alun Thomas	0-5	10-15	0-2.5	5-10	24	27	3
Paul Crowther	Opted out of scheme 04-04-2012						
Stephen Thomas	Retired from scheme 02-07-2012						
Robin Smith	Not a member of the scheme.						

Staff report

Total average number of persons employed

	2016/17	2015/16
Permanently employed staff*	4,912	4,989
Other staff**	48	59
Total	4,960	5,048

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

** Staff engaged on the objectives of the entity

Total staff costs consist of:

	2016/17			2015/16
	Permanently employed staff	Other staff	Total	Total
	£000	£000	£000	£000
Salaries and wages	186,757	3,167	189,924	190,715
Social security costs	18,728	-	18,728	14,398
Other pension costs	55,762	-	55,762	64,965
Sub-total	261,247	3,167	264,414	270,078
Less recoveries in respect of outward secondments	(1,054)	-	(1,054)	(864)
Total net costs	260,193	3,167	263,360	269,214

Total expenditure on consultancy for 2016/17 is £266,000 (£728,000 in 2015/16) and total expenditure on temporary staff is £3,167,000 for 2016/17 (2015/16: £2,531,000).

Reporting of civil service and other compensation schemes - exit packages

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2016/17	2015/16	2016/17	2015/16 Restated	2016/17	2015/16 Restated
<£10,000	7	4	28	35	35	39
£10,000-24,999	13	1	10	20	23	21
£25,000-£49,999	1	-	4	4	5	4
£50,000-£99,999	-	-	1	-	1	-
£100,000-£149,999	-	1	-	-	-	1
£150,000-£199,999	-	-	-	-	-	-
Total number of exit packages	21	6	43	59	64	65
Total value of packages (£000)	258	185	463	510	721	695

There were 21 compulsory redundancies amounting to £258,000 in the year (6 in 2015/16 amounting to £185,000). There was a total of 43 other departures in 2016/17 amounting to £463,000 (59 in 2015/16 amounting to £510,000).

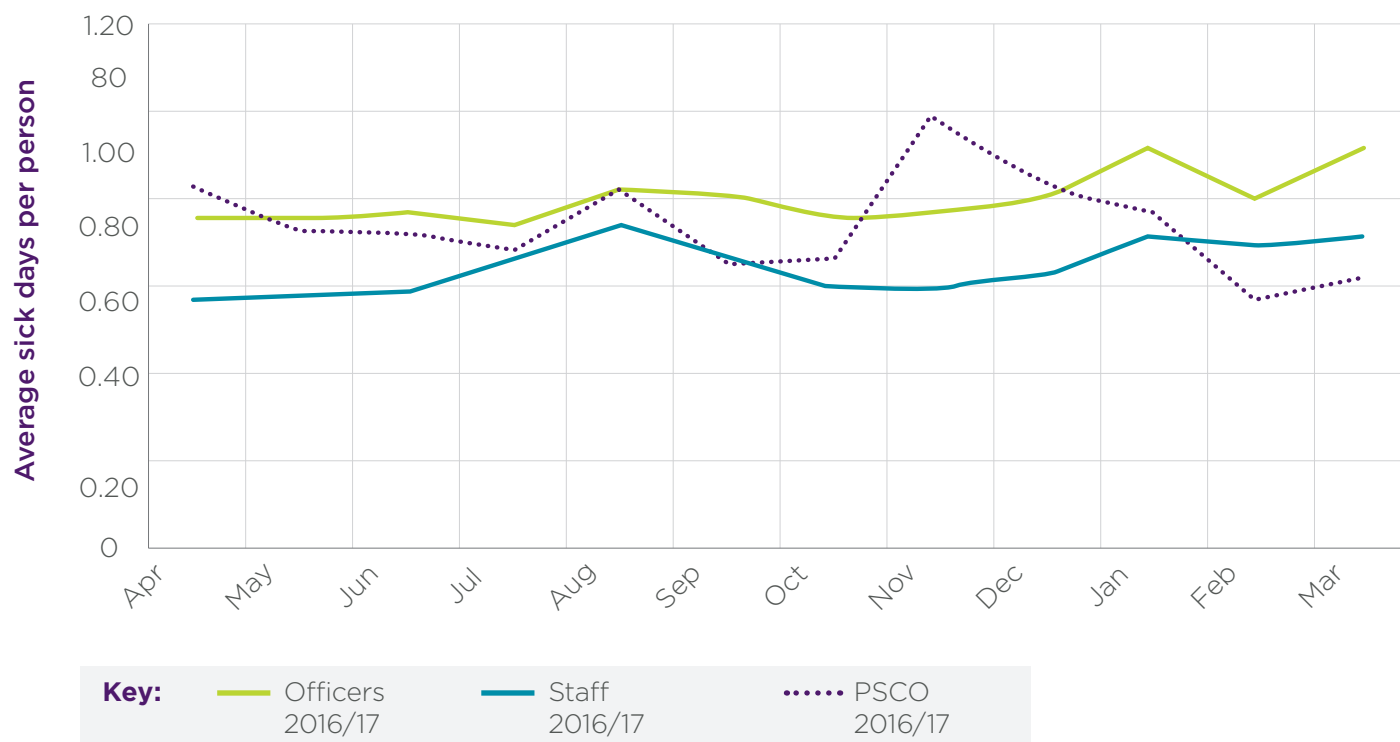
Redundancy and other departure costs have been paid in accordance with the contractual obligations of the employee contracts.

Staff composition

Number of persons of each sex who were employees of the entity as at 31 March 2017

	2016/17			2015/16		
	Male	Female	Total	Male	Female	Total
Authority Members	9	6	15	8	4	12
Authority Officers and Strategic Command Team	7	2	9	7	1	8
Remaining staff	3,649	1,539	5,188	3,759	1,544	5,303
Total	3,665	1,547	5,212	3,774	1,549	5,323

Sickness absences





BTP missed its sickness target in 2016/17, recording an average of 8.80 (2015/16 - 7.53) days sickness per employee against a target of 7.4 (2015/16 - 7.3) days. However BTP continues to be committed to promoting the health, safety and wellbeing of its employees, and has kept a focus on sickness to ensure that as many staff are at work and available for duty as possible.

Engagement with employees

The following staff associations are recognised by BTP:

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

The following support groups operate in BTP:

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

Employees also have access to the Jewish Police Association.

Disability management

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

BTP implements a Disability at Work policy which aims to support employees within the workforce, as well as offer guidance and advice to line managers and to ensure a consistency of approach to support all of our disabled employees.

Charlotte Vitty
Accounting Officer
Date 11 July 2017



Parliamentary accountability report

Regularity of expenditure (audited)

Losses

	2016/17	2015/16
Total number of losses	4	0
Total value of losses (£000)	£215,215	0
Details of losses over £300,000		
Bookkeeping losses	0	0

The largest loss related to write-off of historic debt of £201,770. There was a late interest payment charge of £9,559 and fines from HMRC of £7,206.

Special payments

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

There have been no other special payments in the current financial year.

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of British Transport Police Fund for the year ended 31 March 2017 under the Railways and Transport Safety Act 2003. The financial statements comprise: the Statements of Comprehensive Income, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and Parliamentary Accountability Report that is described in those reports as having been audited.

Respective responsibilities of the Board, Accounting Officer and Auditor

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 and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Railways and Transport Safety Act 2003. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- The financial statements give a true and fair view of the state of British Transport Police Fund's affairs as at 31 March 2017 and of the net deficit for the year then ended; and
- The financial statements have been properly prepared in accordance with the Railways and Transport Safety Act 2003 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the parts of the Remuneration and Staff Report and Parliamentary 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; and
- 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

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 Remuneration and Staff Report and Parliamentary Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse

Comptroller and Auditor General Date 18 July 2017

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





3 Financial statements

Statement of comprehensive income

for the Year ended 31 March 2017

	Note	2016/2017	Restated 2015/2016
		£000	£000
Income			
Police Service Agreement	7	214,597	209,285
Other Income	7	76,082	80,799
		290,679	290,084
Expenditure			
Staff costs	8	(263,360)	(269,214)
Depreciation and amortisation	10,11	(13,376)	(11,261)
Other expenditure	9	(48,557)	(52,800)
		(325,293)	(333,275)
Operating deficit		(34,614)	(43,191)
Net interest receivable		25	89
Net interest payable for pension schemes	25	(17,300)	(20,300)
Net deficit for the financial year		(51,889)	(63,402)
Other comprehensive income			
Items that will not be reclassified to net operating costs:			
Net gain/(loss) on revaluation of property, plant and equipment	24	871	(626)
Actuarial gains/(losses) on defined benefit pension schemes	25	(235,030)	194,870
		(234,159)	194,244
Total comprehensive (deficit)/surplus for the year ended 31 March 2017		(286,048)	130,842

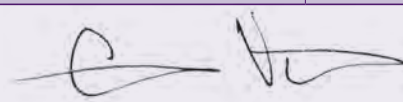
The net deficit for the financial year is transferred to reserves. Movements in reserves are set out in Note 24. All operations are classed as continuing; there were no material acquisitions or disposals during the year.

Statement of financial position

as at 31 March 2017

	Note	31 March 2016 £000	Restated 31 March 2015 £000
Non-current assets			
Property, plant and equipment	10	43,680	50,944
Intangible assets	11	11,008	9,515
Total non-current assets		54,688	60,459
Current assets			
Inventories	13	1,001	1,628
Trade and other receivables	14	26,721	18,509
Cash and cash equivalents	15	15,740	26,142
Total current assets		43,462	46,279
Total assets		98,150	106,738
Current liabilities			
Trade and other payables	16	(30,035)	(38,454)
Provisions for liabilities and charges	17	(4,806)	(3,577)
Total current liabilities		(34,841)	(42,031)
Non-current assets plus net current assets		63,309	64,707
Non-current liabilities			
Pension liabilities	25	(775,690)	(491,380)
Other payables	16	(1,034)	(904)
Total non-current liabilities		(776,724)	(492,284)
Assets less liabilities		(713,415)	(427,577)
Taxpayers' net deficit for the year			
Income and expenditure reserve	24	60,063	62,462
Revaluation reserve	24	2,212	1,341
Pension reserve	24, 25	(775,690)	(491,380)
		(713,415)	(427,577)

The financial statements on pages 72 to 111 were approved by the Authority on 14/06/2017 and were signed on its behalf by:



Charlotte Vitty
Accounting Officer
Date 11 July 2017

Statement of cash flows

for the Year ended 31 March 2017

	Note	2016/2017 £000	2015/2016 £000
Cash flows from operating activities			
Net deficit for the financial year		(51,889)	(63,402)
Less non-cash adjustments			
(Profit)/Loss on disposal of non-current assets	9	(135)	(44)
(Increase)/Decrease in trade and other receivables	14	(8,212)	(14)
(Increase)/Decrease in inventories	13	627	108
Increase/(Decrease) in trade payables	16	(8,289)	8,056
Increase/(Decrease) in provisions	17	1,229	2,278
Depreciation of property, plant and equipment	10	10,838	8,890
Amortisation of intangible assets	11	2,538	2,371
IAS 19 Pension adjustment	25	31,980	35,700
Net interest payable for pension schemes	25	17,300	20,300
Less cash item classified elsewhere within statement of cash flows		(25)	(89)
Net cash flow from operating activities		(4,038)	14,154
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(3,307)	(10,890)
Purchase of intangible assets	11	(3,265)	(5,825)
Proceeds from disposal of assets		183	173
Interest paid/(received)		-	-
Net cash flow from investing activities		(6,389)	(16,542)
Cash flows from financing activities			
Interest received		25	89
Net cash flows from financing activities		25	89
Net decrease in cash and cash equivalents in the period		(10,402)	(2,299)
Cash and cash equivalents at the beginning of the period		26,142	28,441
Cash and cash equivalents at the end of the period		15,740	26,142

Statement of changes in taxpayers' equity

for the Year ended 31 March 2017

	Note	Income and expenditure reserve	Revaluation reserve	Pension reserve	Total reserves
		£000	£000	£000	£000
Balance at 01 April 2015		69,829	2,002	(630,250)	(558,419)

Changes in taxpayers' equity 2015/16

Net gain/(loss) on revaluation of property, plant and equipment	10,11	-	(626)	-	(626)
Actuarial gains/(Losses)	24	-	-	194,870	194,870
Net deficit for the year	24	(63,402)	-	-	(63,402)
Transfer to/from Reserves	24	56,035	(35)	(56,000)	0
Excess of pension expense charged in year over employer pension contributions	25	-	-	-	-
Balance at 31 March 2016		62,462	1,341	(491,380)	(427,577)

Changes in taxpayers' equity 2016/17

Net gain/(loss) on revaluation of property, plant and equipment	10,11	-	1,081	-	1,081
Actuarial gains/(losses)	24	-	-	(235,030)	(235,030)
Net deficit for the year	24	(51,889)	-	-	(51,889)
Transfer to/from Reserves	10,24	49,490	(210)	(49,280)	-
Excess of pension expense charged in year over employer pension contributions	25	-	-	-	-
Balance at period end		60,063	2,212	(775,690)	(713,415)

Notes to the accounts

1. General

The accounts represent single entity accounts for the British Transport Police Fund. No entities over which the British Transport Police Authority exercises control have been identified and therefore no consolidated accounts have been prepared.

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

2. Statement of accounting policies

These financial statements have been prepared in accordance with the 2016/17 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the British Transport Police Authority (the Authority) for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Authority for 2016/17 are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

2.1 Accounting convention

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

2.2 Going concern

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

The negative equity arises because of the Authority's substantial net liabilities relating to defined benefit pension schemes. As disclosed in Note 25 and the Directors' Report, contributions to the schemes are based on periodic actuarial valuations, including contributions for any past service deficit. The income receivable under Public Service Agreements and from Transport for London (TfL) is calculated to include such contributions. The Authority has therefore determined that it can continue to meet its liabilities as they fall due and it is appropriate to prepare its accounts on a going concern basis.

2.3 Accounting standards issued but not adopted

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

A finalised version of IFRS 9 Financial Instruments is due for implementation for periods commencing on or after 1 January 2018 but has yet to be adopted by the European Union (EU). Adoption is not expected to have a significant impact on the accounts as the existing approach to measurement remains unchanged.

IFRS 14 - Regulatory Deferral Accounts, issued in January 2014 but has not been adopted by the EU and is not relevant to the activities of the Authority.

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

IFRS 16 - Leases, issued in January 2016 and is due for implementation for accounting periods commencing on or after 1 January 2019. The standard requires lessors to account for all leased assets as finance leases. As the Authority has significant operating lease expenditure, adoption of the standard is likely to have a significant impact on the accounts, increasing both assets and liabilities and advancing the recognition of expenditure.

2.4 Property, plant and equipment

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

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

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

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

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

2.5 Assets under construction

Assets under construction reflects capital projects still in progress and not yet available for use.

2.6 Depreciation

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

The lives used for the major categories of assets are:

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

No depreciation is provided on assets under construction.

2.7 Intangible assets

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

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

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

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

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

2.8 Disposals

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

2.9 Impairment of assets

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

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

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

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

2.10 Income

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

2.11 Leases

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

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

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

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

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

2.12 Provisions

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

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

2.13 Contingent liabilities

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

2.14 VAT

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

2.15 Interest payable / receivable

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

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

2.16 Inventories

Inventories are made up of uniforms and other inventory items. Inventory is stated at the lower of cost or net realisable value.

2.17 Provision for bad and doubtful debts

All bad and doubtful debts are reviewed on a case by case basis to assess the likelihood of recovery actions being successful. Each assessment takes into account the nature of the debt, payment record of the debtor, whether they have been or are in dispute with the Authority and any other appropriate information.

2.18 Cash and cash equivalents

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

2.19 Staff costs

Benefits payable during employment

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

Benefits payable after employment

Police officers and civilian staff are members of defined benefit pension schemes as disclosed in Note 25.

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

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

2.20 Reserves

The Authority operates:

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

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

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

Further details of the movements on these reserves are given in Note 24.

3. Critical accounting judgements

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

4. Sources of estimation uncertainty

Key sources of estimation uncertainty

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

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

- Property, plant and equipment - as a result of changes in assumptions about useful economic lives. Any reduction in useful economic lives would reduce the assets and increase expenditure;
- Pension liabilities - as a result of assumptions on discount rates, pay increases and mortality. See further detail at Note 25; and,
- Staff costs - as a result of changes in estimates for holiday pay and time off in lieu. Any increase in the estimates for these items would increase liabilities and expenditure.

5. Correction of a prior period adjustment

Last years annual report and accounts identified a prior period restatement of property, plant and equipment for the years up to and including 31 March 2014. There were no restatements identified relating to this year or prior year. As per IAS 8 requirements, financial statements of subsequent periods need not repeat these disclosures.

6. Segmental analysis

The Authority operates as one class of business, that of policing the railways throughout England, Wales and Scotland, and undertakes that class of business in one geographical segment, Great Britain. BTP's structure is based on three Divisions. The three divisions are Division B (East, South of England and Transport for London), Division C (Pennine, Midlands, South West and Wales) and Division D (Scotland). Force Head Quarter 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. Therefore, we do not consider the divisions to be reportable segments per the requirements of IFRS 8 Operating Segments.

7. Income

	2016/17	2015/16
	£000	£000
Police Service Agreement income	214,597	209,285
Other income		
London Underground Agreement income	55,456	56,182
Enhanced Police Service Agreement income	17,823	16,994
Recoveries in respect of outward secondments	-	-
Smaller funding agreements	2,130	2,091
Capital funding	-	3,828
Other Income	673	1,704
Other income total	76,082	80,799
Total	290,679	290,084

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

7.1 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.

7.2 Enhanced Police Service Agreements

Any services outwith a PSA holders agreement are referred to an EPSA. The enhanced service is charged at full cost in accordance with the specific customer agreement.

7.3 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.

7.4 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 3rd party contributors.

8. Staff numbers and related costs

Total staff costs consist of:

	2016/17	2015/16
	£000	£000
Salaries and wages	189,924	190,715
Social security costs	18,728	14,398
Other pension costs	55,762	64,965
Sub-total	264,414	270,078
Less recoveries in respect of outward secondments	(1,054)	(864)
Total net costs	263,360	269,214

For staff numbers and further details of staff costs please see the remuneration report

9. Other expenditure

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

	Note	2016/2017	2015/2016
		£000	£000
Other staff costs		4,306	4,909
Communications and computers		12,265	13,005
Other		4,057	4,904*
Professional services		1,123	1,540
Legal and Insurance		1,391	1,492
Equipment purchases		2,280	3,052
Rentals under operating leases		9,027	9,073
Premises (excluding rentals under operating leases)		8,696	7,723
Transport costs		4,106	4,432
Non-cash items			
Depreciation of property, plant and equipment	10	10,838	8,890
Amortisation of intangible assets	11	2,538	2,371
(Profit)/Loss on disposal of non-current assets		(135)	(44)
Increase/(decrease) in provisions	17	1,229	2,278
Inventory write down to net realisable value	13	207	418
Bad debt provision		5	18
Total		61,933	64,061

During the year the Authority did not purchase any non-audit services from its auditor the Comptroller and Auditor General. Included in "Other" is a charge of £106 thousand for auditor's remuneration for audit work related to 2016/17 (2015/16: £106 thousand).

* Other expenditure for 2015/16 includes £1.3 million of asset write-offs relating to 2014-2015 which have been expensed to the SoCI.

10. Property, plant and equipment

	Restated Leasehold improvements	Restated Plant and machinery	Restated Motor Vehicles	Restated Assets under construction – Motor Vehicles	Restated Assets under construction – Other	Restated Fixtures & fittings	Restated IT equipment	Restated Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost								
As at 1 April 2016	41,580	19,585	13,876	2,389	213	4,219	30,443	112,305
Additions	650	249	784	-	-	6	1,618	3,307
Disposals	-	-	(1,807)	-	-	-	-	(1,807)
Derecognition	(1,292)	(2,487)	-	-	-	(897)	(5,555)	(10,231)
Revaluations	496	113	116	-	-	19	160	904
Reclassifications	-	-	1,802	(2,389)	(213)	-	210	(590)
At 31 March 2017	41,434	17,460	14,771	-	-	3,347	26,876	103,888
Depreciation								
As at 1 April 2016	16,988	12,852	8,493	-	-	3,031	19,997	61,361
Charged in year	2,821	1,795	2,079	-	-	365	3,568	10,628
Disposals	-	-	(1,760)	-	-	-	-	(1,760)
Derecognition	(1,292)	(2,487)	-	-	-	(897)	(5,555)	(10,231)
Revaluations	48	47	41	-	-	9	65	210
Reclassifications	-	-	-	-	-	-	-	-
At 31 March 2017	18,565	12,207	8,853	-	-	2,508	18,075	60,208
Carrying amount at 31 March 2017	22,869	5,253	5,918	-	-	839	8,801	43,680
Carrying amount at 31 March 2016	24,592	6,733	5,383	2,389	213	1,188	10,446	50,944
Asset Financing								
Owned	22,869	5,253	5,918	-	-	839	8,801	43,680
Carrying amount at 31 March 2017	22,869	5,253	5,918	-	-	839	8,801	43,680

10. Property, plant and equipment

	Restated Leasehold improvements	Restated Plant and machinery	Restated Vehicles	Restated Assets under construction – motor vehicles	Restated Assets under construction – Other	Restated Fixtures & fittings	Restated IT equipment	Restated Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost								
As at 1 April 2015	40,299	18,244	16,091	47	351	3,600	25,054	103,686
Additions	2,580	2,038	-	2,389	213	368	3,894	11,482
Disposals	-	(46)	(1,852)	-	-	-	(97)	(1,995)
Derecognition	-	-	-	-	-	-	-	-
Revaluations	(1,299)	(651)	(410)	-	-	(100)	1,592	(868)
Reclassifications	-	-	47	(47)	(351)	351	-	-
At 31 March 2016	41,580	19,585	13,876	2,389	213	4,219	30,443	112,305
Depreciation								
As at 1 April 2015	15,707	11,668	7,988	-	-	2,754	16,462	54,579
Charged in year	1,812	1,657	2,488	-	-	355	2,578	8,890
Disposals	-	(46)	(1,723)	-	-	-	(97)	(1,866)
Derecognition	-	-	-	-	-	-	-	-
Revaluations	(531)	(427)	(260)	-	-	(78)	1,054	(242)
Reclassifications	-	-	-	-	-	-	-	-
At 31 March 2016	16,988	12,852	8,493	-	-	3,031	19,997	61,361
Carrying amount at 31 March 2016	24,592	6,733	5,383	2,389	213	1,188	10,446	50,944
Carrying amount at 31 March 2015	24,592	6,576	8,103	47	351	846	8,592	49,107
Asset Financing								
Owned	24,592	6,733	5,383	2,389	213	1,188	10,446	50,944
Carrying amount at 31 March 2016	24,592	6,733	5,383	2,389	213	1,188	10,446	50,944

11. Intangible assets

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

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

Cost

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

Amortisation

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

Asset financing:

Owned	2,301	8,476	50	151	30	11,008
At 31 March 2017	2,301	8,476	50	151	30	11,008

11. Intangible assets (continued)

	Restated Licences	Restated Software	Restated Wide area network	Restated Websites	Restated Assets under construction	Restated Total
	£000	£000	£000	£000	£000	£000
Cost						
As at 1 April 2015	5,138	4,285	4,404	237	-	14,064
Additions	388	2,063	-	98	3,276	5,825
At 31 March 2016	5,526	6,348	4,404	335	3,276	19,889
Amortisation						
As as 1 April 2015	3,065	1,644	3,227	67	-	8,003
Charged in year	710	815	798	48	-	2,371
At 31 March 2016	3,775	2,459	4,025	115	-	10,374
Carrying amount at 31 March 2016	1,751	3,889	379	220	3,276	9,515
Asset financing:						
Owned	1,751	3,889	379	220	3,276	9,515
Carrying amount at 31 March 2016	1,751	3,889	379	220	3,276	9,515

12. Financial instruments

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

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

Liquidity risk

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

Interest rate risk

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

Foreign currency risk

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

Fair values

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

	2016/2017		2015/2016	
	Book Value	Fair Value	Book Value	Fair Value
Primary financial instruments	£000	£000	£000	£000
Financial assets				
Cash at bank	15,740	15,740	26,142	26,142
Trade receivables	13,143	13,143	10,123	10,123
	28,883	28,883	36,265	36,265
Financial liabilities				
VAT payable	1,098	1,098	766	766
Other taxation & social security payables	3,491	3,491	4,031	4,031
Trade payables	286	286	278	278
	4,875	4,875	5,075	5,075

13. Inventories

	2016/2017	2015/2016
	£000	£000
Uniforms		
Opening balance	1,628	1,615
Additions	786	1,145
Utilisations	(1,232)	(835)
Write down	(200)	(297)
Closing balance	982	1,628
Other		
Opening balance	-	122
Returns	26	-
Write-down	(7)	(122)
Closing balance	19	-
Total inventories	1,001	1,628

14. Trade receivables and other assets

	2016/2017	2015/2016
	£000	£000
Amounts falling due within one year:		
Trade receivables	13,143	10,123
Other receivables	1,176	1,137
Prepayments and accrued income	12,402	7,388
Less: Provision for bad and doubtful debts	-	(139)
Total	26,721	18,509
Amounts in the above figures due from other entities included in the whole of government account:		
Other central government bodies	19	125
Local authorities	10,373	9,298
Public corporations and trading funds	1,261	657
Intra-government debtors	11,653	10,080
Bodies external to government	15,068	8,429
Total	26,721	18,509

15. Cash and cash equivalents

	2016/2017	2015/2016
	£000	£000
Balance at 01 April	26,142	28,441
Net change in cash and cash equivalent balances	(10,402)	(2,299)
Balance at 31 March	15,740	26,142

The following balances at 31 March were held at:

Government banking service	109	108
Commercial banks and cash in hand	15,631	26,034
Balance at 31 March	15,740	26,142

16. Trade payables and other liabilities

	2016/2017	2015/2016
	£000	£000
Amounts falling due within one year		
VAT payable	1,098	766
Other taxation & social security payables	3,491	4,048
Trade payables	286	262
Other payables	704	3,535
Accruals & deferred income	24,456	29,843
Total	30,035	38,454

Amounts falling due after more than one year

Other payables, accruals and deferred income	1,034	904
	31,069	39,358

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

Other central government bodies	5,739	4,830
Local authorities	2,707	2,807
Public corporations and trading funds	-	13
Intra-government payables and liabilities	8,446	7,650
Bodies external to government	22,623	31,708
Total	31,069	39,358

17. Provisions for liabilities and charges

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

	Claims against the Authority	Employment tribunals	Dilapidations	Other provisions	Total
	£000	£000	£000	£000	£000
Balance at 1 April 2015	62	-	250	987	1,299
Provided in the year	913	90	1,740	584	3,327
Provisions utilised during the year	(62)	-	-	(987)	(1,049)
Balance at 31 March 2016	913	90	1,990	584	3,577
Provided in the year	611	150	51	894	1,706
Provisions not required written back	(330)	-	(40)	(107)	(477)
Balance at 31 March 2017	1,194	240	2,001	1,371	4,806

Claims against the Authority

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

Employment tribunals

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

Dilapidations

This provision applies to dilapidations of leasehold properties.

Other provisions

This relates to all other provisions and primarily includes costs relating to rental reviews and onerous leases. In the prior year this also included costs relating to force restructure and redundancies.

18. Capital commitments

As at 31 March 2017 the Authority had the following Capital Commitments:

	2016/2017	2015/2016
	£000	£000
Estates	54	547
Technology	4,875	539
Fleet	2,005	313
Other	-	259
Total BTP capital commitments	6,934	1,658

19. Commitments under leases

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

Obligations under operating leases for the following periods comprise:	2016/2017	2015/2016
	£000	£000
Buildings:		
Not later than one year	9,245	8,954
Later than one year and not later than five years	28,886	28,852
Later than 5 years	27,408	33,926
Total operating lease obligations	65,539	71,732

20. Other financial commitments

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

Non-cancellable contracts for the following periods comprise	2016/2017	Restated 2015/2016
	£000	£000
Not later than one year	4,622	5,880
Later than one year and not later than five years	2,063	4,473
Later than 5 years	-	-
Total financial commitments	6,685	10,353

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 Authority has had the following material transactions with the Department and with other entities for which the Department is regarded as the parent Department:

The Authority had no transactions or outstanding balances with the DfT in 2016/17.

In addition, The Authority has had a number of transactions with other government departments and other central government bodies. Most of these transactions have been with Network Rail. The Authority was invoiced for £1,586,839 (£1,564,375 in 2015/16) by Network rail in 2016/17 and as at 31 March 2017 there was £14,605 outstanding (Nil at 31 March 2016). Network Rail was invoiced by the Authority for £86,379,103 in 2016/17 (£84,221,540 in 2015/16) and as at 31 March 2017 £1,260,223 was outstanding (£405,407 at 31 March 2016).

Paul Crowther is a member of the Board of the National Police Chief's Council. The Authority was invoiced £29,918 in 2016/17 (£29,918 in 2015/16) and there were no outstanding balances at year end (Nil in 2015/16).

Due to its status as a national Police Force the Authority often receives grants from the Home Office. These totalled £nil in 2016/17 (£nil in 2015/16). The Home Office is regarded as a related party.

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

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

Andrew Pollins is a Director at London Underground Limited. In the course of the year the Authority received payments from London Underground Limited of £73,943k (£73,550k in 2015/16) and made payments to London Underground Limited of £405k (£548k in 2015/16). As at 31 March 2017, £7,487k (£6,491k at 31 March 2016) was due from London Underground Limited. All these amounts are payable and receivable within 30 days and not subject to interest.

Dominic Booth is the Managing Director at Abellio Group UK. In the course of the year the Authority received payments from Abellio Group UK of £15,661k (£18,191k in 2015/16) and made payments to Abellio Group UK of £111k (£48k in 2015/16). As at 31 March 2017, £12k (£6k in 2015/16) was due from Abellio Group UK. All these amounts are payable and receivable within 30 days and not subject to interest.

Dyan Crowther is the Chief Executive Officer at High Speed 1 (HS1). In the course of the year the Authority received payments from HS1 of £4,574k (£4,472k in 2015/16). All these amounts are payable and receivable within 30 days and not subject to interest.

22. Third party assets

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

Details of these funds are below:

	2015/2016	Gross Inflows	Gross Outflows	2016/2017
	£000	£000	£000	£000
British Transport Police Authority Property Act fund account	29	11	(13)	27
British Transport Police cash seizures account	786	301	(499)	588
Total third party assets	815	312	(512)	615

British Transport Police Authority Property Act fund account

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

23. Losses and special payments

The total number of Authority losses and special payments is outlined in the Parliamentary Accountability and Audit Report.

24. Reserves

These comprise the distributable reserve, the capital financing reserve, the working capital reserve, the contingency reserve, the revaluation reserve and the pension reserve.

	Retained Earnings/ Distributable Reserves	Capital financing reserve	Working capital reserve	Contingency reserve	Total Income and expenditure reserves	Revaluation reserve	Pension reserves	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Opening balance at 01 April 2015	21,026	38,508	6,500	3,795	69,829	2,002	(630,250)	(558,419)
Gains/(losses) on revaluation of assets	-	-	-	-	-	(626)	-	(626)
Actuarial gain/(loss)	-	-	-	-	-	-	194,870	194,870
Comprehensive income for the year	(63,402)	-	-	-	(63,402)	-	-	(63,402)
Transfer between reserves	56,035	-	-	-	56,035	(35)	(56,000)	-
Balance at 31 March 2016	13,659	38,508	6,500	3,795	62,462	1,341	(491,380)	(427,577)
Opening balance at 01 April 2016	13,659	38,508	6,500	3,795	62,462	1,341	(491,380)	(427,577)
Gains/(losses) on revaluation of assets	-	-	-	-	-	1,081	-	1,081
Actuarial gain/(loss)	-	-	-	-	-	-	(235,030)	(235,030)
Comprehensive income for the year	(51,889)	-	-	-	(51,889)	-	-	(51,889)
Transfer between reserves	49,490	-	-	-	49,490	(210)	(49,280)	-
Closing balance at 31 March 2017	11,260	38,508	6,500	3,795	60,063	2,212	(775,690)	(713,415)

24. Reserves (continued)

Retained earnings/Distributable reserves

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

Capital financing reserve

The capital financing reserve consists of grant funding from PSA holders, specifically for the purchase of capital assets.

Working capital reserve

The working capital reserve was established as a cashflow advance from the DfT to ensure the liquidity of the Authority and remains in the reserves to meet potential future cashflow requirements for funding expenditure prior to the receipt of income.

Contingency reserve

The contingency reserve was created with the agreement of HM Treasury and the DfT to provide for unexpected events, such as major incidents and crimes, and to reduce the impact of these events on a single year's budget.

Revaluation reserve

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

Pensions reserve

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

25. 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 £54.71 million (2015/16: £62.78 million). In addition there was a net interest on the pension fund of £17.30 million (2015/16: £20.30 million), leaving a net debit in relation of pensions for the year of £72.01 million (2015/16: £83.07 million). The total net pension liabilities for all staff, past and present, are shown in the SoFP. These amount to £775.69 million (2015/16: £491.38 million) net of the fair value of plan assets. HM Treasury have confirmed that the charge or credit to the SoCI arising from IAS19 should be excluded from the calculation of the amount to be reclaimed from parties with PSA's with the Authority.

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

The net position of the schemes at 31 March 2017 were as follows:

	2016/2017	2015/2016
	£000	£000
Net pension liabilities		
British Transport Police Force Superannuation Fund	(639,770)	(430,180)
British Transport Police Section of the Railways Pension Scheme	(135,920)	(61,200)
	(775,690)	(491,380)

The amounts recognised in the SoCI are as follows:

	2016/2017	2015/2016
	£000	£000
Pension costs reflected in the SoCI		
Current Service cost - BTPFSF	42,140	49,960
Current Service cost - RPS	12,570	12,810
Administrative expenses and taxes - BTPFSF	2,000	2,160
Administrative expenses and taxes - RPS	610	480
	57,320	65,410

	2016/2017	2015/2016
	£000	£000
IAS19 interest reflected in the SoCI		
Net Interest - BTPFSF	15,180	17,930
Net Interest - RPS	2,120	2,370
	17,300	20,300
Total amount recognised in the SoCI	74,620	85,710

* 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.

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

	Notes	2016/2017	2015/2016
		£000	£000
IAS 19 pension adjustment reported in the SoCF			
BTPFSF			
Current service cost	25D	42,140	49,960
Administrative expenses and taxes	25D	2,000	2,160
		44,140	52,120
RPS			
Current service cost	25D	12,570	12,810
Administrative expenses and taxes	25D	610	480
		13,180	13,290
Total I&E expenses		57,320	65,410
Less employer contributions			
- Employer contributions BTPFSF	25B	19,560	24,330
- Employer contributions RPS (including BRASS* matching)	25B	5,780	5,380
Total employer contributions		25,340	29,710
Total IAS 19 pension adjustment reported in the SoCF		31,980	35,700

* British rail additional superannuation scheme (BRASS).

British Transport Police Force Superannuation Fund

A. Change in defined benefit obligation

	2016/2017	2015/2016
	£000	£000
Defined benefit obligation at end of the prior year	1,555,470	1,647,430
Current service cost	42,140	49,960
Interest expense	55,250	53,710
Cash flows		
- Benefits payments from plan	(54,360)	(52,070)
- Participant contributions	12,180	12,400
Remeasurements		
- Effect of changes in financial assumptions	410,270	(144,240)
- Effect on changes in demographic assumptions	-	(11,720)
- Effect of experience adjustments	(121,750)	-
Defined benefit obligation at end of year	1,899,200	1,555,470

B. Changes in fair value of plan assets

	2016/2017	2015/2016
	£000	£000
Fair value of plan assets at end of the prior year	1,125,290	1,091,560
Interest income	40,070	35,780
Cash flows		
- Employer contributions	19,560	24,330
- Government support payments	-	-
- Participant contributions	12,180	12,400
- Benefits payments from plan	(54,360)	(52,070)
- Administrative expenses paid from plan assets	(2,000)	(2,160)
Return on plan assets (excluding interest income)	118,690	15,450
Fair value of plan assets at end of year	1,259,430	1,125,290

C. Amounts recognised in the SoFP

	2016/2017	2015/2016
	£000	£000
Defined benefit obligation	1,899,200	1,555,470
Fair value of plan assets	(1,259,430)	(1,125,290)
Net liability	639,770	430,180

D. Components of defined benefit cost

	2016/2017	2015/2016
	£000	£000
Service cost		
- Current service cost	42,140	49,960
Total service cost	42,140	49,960
Net interest cost		
- Interest expense on defined benefit obligation	55,250	53,710
- Interest (income) on plan assets	(40,070)	(35,780)
Total net interest cost	15,180	17,930
Administrative expenses and taxes	2,000	2,160
Defined benefit cost included in the SoCI	59,320	70,050
Remeasurements (recognised in OCI)		
- Effect on changes in demographic assumptions	-	(11,720)
- Effect of changes in financial assumptions	410,270	(144,240)
- Effect of experience adjustments	(121,750)	-
- (Return) on plan assets (excluding interest income)	(118,690)	(15,450)
Total remeasurements included in OCI	169,830	(171,410)
Total defined benefit cost recognised in SoCI and OCI	229,150	(101,360)

The Authority expects the service cost for the year ending 31 March 2018 be £56.52 million (31 March 2017: £42.14 million).

E. Net defined benefit liability (asset) reconciliation

	2016/2017	2015/2016
	£000	£000
Net defined benefit liability (asset)	430,180	555,870
Defined benefit cost included in the SoCI	59,320	70,050
Total remeasurements included in OCI	169,830	(171,410)
Employer contributions	(19,560)	(24,330)
Net defined benefit liability (asset) as of end of year	639,770	430,180

F. Defined benefit obligation

	2016/2017	2015/2016
	£000	£000
Defined benefit obligation by participant status		
- Actives	883,390	875,660
- Vested deferreds	96,330	68,800
- Retirees	919,480	611,010
Total	1,899,200	1,555,470

G. Plan assets

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

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

	2016/2017	2015/2016
	£000	£000
Fair value of plan assets		
- Cash and cash equivalents	127,770	100,990
- Equity instruments	569,900	465,550
- Debt instruments	296,760	305,970
- Real estate	98,150	104,390
- Derivatives	43,820	-
- Investment funds	-	20,460
- Other	123,030	127,930
Total	1,259,430	1,125,290

H. Significant actuarial assumptions

	2016/2017	2015/2016
Weighted average assumptions to determine benefit obligations		
Discount rate	2.50%	3.60%
Rate of price inflation (RPI) [^]	3.30%	3.10%
Rate of price inflation (CPI) [^]	2.30%	2.10%
Rate of increase in salaries	3.30%*	3.10%*
Rate of pension increases	2.30%	2.10%

Assumed life expectations on retirement at age 65.

Retiring today (male member age 65)	22.1	22.1
Retiring today (female member age 65)	24.6	24.6
Retiring in 20 years (male member age 45 today)	23.9	23.8
Retiring in 20 years (female member age 45 today)	26.6	26.5

For males and females retiring today the expected future lifetime is 22.1 and 24.6 years respectively. For a those retiring in 20 years, this increases to 23.9 and 26.6 years respectively.

* Allowance has been made for short term pay increases of 1% each year for the 4 years following the measurement date. Then increases at the assumed rate of increase in salaries thereafter. Salaries are also assumed to increase in line with an additional promotional salary scale.

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

I. Sensitivity analysis

	2016/2017	2015/2016
	£m	£m
Net liability (asset), excluding any effect of asset limit		
Base	639.77	430.18
Discount rate		
- Discount rate -25 basis points	744.10	514.81
- Assumption	2.25%	3.35%
- Discount rate +25 basis points	543.50	351.43
- Assumption	2.75%	3.85%
Inflation rate		
- Inflation rate -25 basis points	547.94	350.28
- Assumption	2.05%	1.85%
- Inflation rate +25 basis points	738.71	515.45
- Assumption	2.55%	2.35%
Mortality		
- Mortality	699.20	466.33
- Assumption	plus one year age rating	plus one year age rating

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

Analysis of net SoFP	Sensitivities from Base Financial Year (FY) 2017 (one item changed with all other things held constant)								
	£m	FY 2016	Base FY 2017	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate	Mortality sensitivity	
Fair value of scheme assets		1,125.29	1,259.43	1,259.43	1,259.43	1,259.43	1,259.43	1,259.43	
Present value of benefit obligations		1,555.47	1,899.20	2,003.53	1,802.93	1,807.37	1,998.14	1,958.63	
Net liability (asset), excluding any effect of asset limit		430.18	639.77	744.10	543.50	547.94	738.71	699.20	
Sensitivities from Base FY 2018 (one item changed with all other things held constant)									
Analysis of projected pension cost	£m	Actual FY 2016	Base FY 2017	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate	Mortality sensitivity	
Current service cost		42.14	56.53	62.09	51.50	51.49	62.04	58.35	
Interest cost		55.25	47.16	44.79	49.22	44.86	49.63	48.64	
Interest income on scheme assets		(40.07)	(31.36)	(28.22)	(34.49)	(31.36)	(31.36)	(31.36)	
Administrative expenses and taxes		2.00	2.00	2.00	2.00	2.00	2.00	2.00	
Total pension cost before asset limit		59.32	74.33	80.66	68.23	66.99	82.31	77.63	
Sensitivities from Base FY 2018 (one item changed with all other things held constant)									
Actuarial assumptions	£m	FY 2016	Base FY 2017	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate	Mortality sensitivity	
Discount rate		3.60%	2.50%	2.25%	2.75%	2.50%	2.50%	2.50%	
Rate of RPI assumption		3.10%	3.30%	3.30%	3.30%	3.05%	3.55%	3.30%	
Rate of CPI assumption		2.10%	2.30%	2.30%	2.30%	2.05%	2.55%	2.30%	
Rate of salary increase*		3.10%*	3.30%*	3.30%*	3.30%*	3.05%*	3.55%*	3.30%*	
Mortality Table		In line with the actuarial valuation as at 31 December 2012 but using the 2015 Continuous Mortality Investigation (CMI) model	In line with the actuarial valuation as at 31 December 2015 but using the 2015 CMI model with long term improvements of 1.25% p.a.	In line with the actuarial valuation as at 31 December 2015 but using the 2015 CMI model with long term improvements of 1.25% p.a., less a one year age rating					

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

British Transport Police Section of the Railways Pension Scheme

A. Change in defined benefit obligation

	2016/2017	2015/2016
	£000	£000
Defined benefit obligation at end of the prior year	175,780	177,940
Current service cost	12,570	12,810
Interest expense	6,340	5,880
Cash flows		
- Benefits payments from plan	(3,320)	(3,010)
- Participant contributions	3,830	3,560
Remeasurements		
- Effect of changes in financial assumptions	86,120	(19,990)
- Effect on changes in demographic assumptions	(6,560)	(1,410)
- Effect of experience adjustments	-	-
Defined benefit obligation at end of year	274,760	175,780

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

	2016/2017	2015/2016
	£000	£000
Fair value of plan assets at end of the prior year	114,580	103,560
Interest income	4,220	3,510
Cash flows		
- Employer contribution (including BRASS matching)	5,780	5,380
- Participant contributions	3,830	3,560
- Benefits payments from plan	(3,320)	(3,010)
- Administrative expenses paid from plan assets	(610)	(480)
Return on plan assets (excluding interest income)	14,360	2,060
Fair value of plan assets at end of year	138,840	114,580

C. Amounts recognised in the statement of financial position

	2016/2017	2015/2016
	£000	£000
Defined benefit obligation	274,760	175,780
Fair value of plan assets	(138,840)	(114,580)
Net liability	135,920	61,200

D. Components of defined benefit cost

	2016/2017	2015/2016
	£000	£000
Service cost		
Current service cost	12,570	12,810
Total service cost	12,570	12,810
Net interest cost		
- Interest expense on defined benefit obligation	6,340	5,880
- Interest (income) on plan assets	(4,220)	(3,510)
Total net interest cost	2,120	2,370
Administrative expenses and taxes	610	480
Defined benefit cost included in the SoCI	15,300	15,660
Remeasurements (recognised in other comprehensive income)		
- Effect of changes in financial assumptions	86,120	(19,990)
- Effect of experience adjustments	-	-
- (Return) on plan assets (excluding interest income)	(14,360)	(2,060)
- Net measurement regains / (losses) - demographic	(6,560)	(1,410)
Effect of asset limitation and IAS minimum funding requirement	-	-
Effect of asset limitation and IAS minimum funding requirement	-	-
Total remeasurements included in OCI	65,200	(23,460)
Total defined benefit cost recognised in SoCI and OCI	80,500	(7,800)

The Authority expects the service cost for the year ending 31 March 2018 to be £19.28 million (31 March 2017: £12.57 million).

E. Net defined benefit liability (asset) reconciliation

	2016/2017	2015/2016
	£000	£000
Net defined benefit liability (asset)	61,200	74,380
Effect of changes in demographic assumptions	15,300	15,660
Total defined benefit cost recognised in the SoCI and OCI	65,200	(23,460)
Employer contributions	(5,780)	(5,380)
Net defined benefit liability (asset) as of end of year	135,920	61,200

F. Defined benefit obligation

	2016/2017	2015/2016
	£000	£000
Defined benefit obligation by participant status		
- Actives	196,400	118,370
- Vested deferreds	54,640	36,610
- Retirees	23,720	20,800
Total	274,760	175,780

G. Plan assets

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

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

	2016/2017	2015/2016
	£000	£000
Fair value of plan assets		
- Cash and cash equivalents	14,260	11,800
- Equity instruments	70,280	53,990
- Debt instruments	25,370	21,690
- Real estate	12,100	12,080
- Derivatives	5,400	-
- Investment funds	-	2,370
- Other	11,430	12,650
Total	138,840	114,580

H. Significant actuarial assumptions

Weighted average assumptions to determine benefit obligations	2016/2017	2015/2016
Discount rate	2.50%	3.60%
Rate of price inflation (RPI)^	3.30%	3.10%
Rate of price inflation (CPI)^	2.30%	2.10%
Rate of increase in salaries	3.30%*	3.10%*
Rate of pension increases	2.30%	2.10%

Assumed life expectancies on retirement at age 65 are	2016/2017	2015/2016
Retiring today - males	21.4	21.6
Retiring today - females	23.0	23.2
Retiring in 20 years time - males	23.2	23.8
Retiring in 20 years time - females	25.0	25.6

For males and females retiring today the expected future lifetime is 21.4 and 23.0 years respectively. For a those retiring in 20 years, this increases to 23.2 and 25.0 years respectively.

* Allowance has been made for short term pay increases of 1% each year for the 4 years following the measurement date. Then increases at the assumed rate of increases in salaries thereafter. Salaries are also assumed to increase in line with an additional promotional salary scale.

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

I. Sensitivity analysis

	2016/2017	2015/2016
	£m	£m
Net liability (asset), excluding any effect of asset limit		
Base	135.92	61.20
Discount rate		
- Discount rate -25 basis points	158.06	74.72
- Assumption	2.25%	3.35%
- Discount rate +25 basis points	115.67	48.80
- Assumption	2.75%	3.85%
Inflation rate		
- Inflation rate -25 basis points	116.55	48.85
- Assumption	3.05%	2.85%
- Inflation rate +25 basis points	156.92	74.59
- Assumption	3.55%	3.35%
Mortality		
- Mortality	145.16	66.33
- Assumption	plus one year age rating	plus one year age rating

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

	Sensitivities from Base Financial Year (FY) 2017 (one item changed with all other things held constant)						
	£m						
Analysis of net SoFP	FY 2016	Base FY 2017	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate	Mortality sensitivity
Fair value of plan assets	114.58	138.84	138.84	138.84	138.84	138.84	138.84
Present value of benefit obligation	175.78	274.76	296.90	254.51	255.39	295.76	284.00
Net liability (asset), excluding any effect of asset limit	61.20	135.92	158.06	115.67	116.55	156.92	145.16
	Sensitivities from Base FY 2018 (one item changed with all other things held constant)						
	£m						
Analysis of projected pension cost	Actual FY 2017	Base FY 2018	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate	Mortality sensitivity
Current service cost	12.57	19.28	21.29	17.46	17.64	21.07	20.00
Interest cost	6.34	6.88	6.69	7.01	6.39	7.40	7.11
Expected return on plan assets	(4.22)	(3.55)	(3.19)	(3.90)	(3.55)	(3.55)	(3.55)
Administrative expenses and taxes	0.61	0.61	0.61	0.61	0.61	0.61	0.61
Total pension cost before asset limits	15.30	23.22	25.40	21.18	21.09	25.53	24.17
Actuarial assumptions	FY 2016	Base FY 2017	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate	Mortality sensitivity
Discount rate	3.60%	2.50%	2.25%	2.75%	2.50%	2.50%	2.50%
Rate of RPI assumption	3.10%	3.30%	3.30%	3.30%	3.05%	3.55%	3.30%
Rate of CPI assumption	2.10%	2.30%	2.30%	2.30%	2.05%	2.55%	2.30%
Rate of salary increase*	3.10%*	3.30%*	3.30%*	3.30%*	3.05%*	3.55%*	3.30%*
Mortality Table	In line with the actuarial valuation as at 31 December 2013 but using the 2015 CMI model	In line with the actuarial valuation as at 31 December 2013 but using the 2015 CMI model with long term improvements of 1.25% p.a.					In line with the actuarial valuation as at 31 December 2013 but using the 2015 CMI model with long term improvements of 1.25% p.a. less a one year age rating

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

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



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