
British Transport Police Fund

Statement of Accounts for the year ended 31 March 2010

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Introduction

These audited financial statements are for the year ended 31 March 2010, and have been prepared on an ongoing basis in accordance with the 2009-10 Government Financial Reporting Manual (FRoM) issued by HM Treasury.

Statutory Background

On 1 July 2004 the British Transport Police Authority (BTPA) was established as a Non Departmental Public Body (NDPB) with the Department for Transport (DfT) as the sponsoring body. On this date responsibility for the British Transport Police (BTP) transferred to the BTPA under Section 18 of the Railways and Transport Safety Act (2003). The BTPA oversees the work of the BTP. It operates in a manner similar to a Home Office Police Authority although there are certain differences because the BTP is a national operation and serves a specific industry, the rail network.

The BTPA is made up of an independent body of 15 members selected by the Department for Transport, who hold the BTP to account on behalf of the railway community. The BTPA's statutory duties include:

- Securing an effective and efficient police for the railways; and
- Consulting widely to ensure the railway community – train operators, staff and their passengers get the best possible value from the BTP.

This is the sixth set of accounts that the BTPA has produced as a NDPB which have been produced in accordance with the accounts direction issued by HM Treasury and also in accordance with Schedule 4, Part 3 17(b) of the Railways and Transport Safety Act (2003).

History of BTP

BTP can trace its history back to 1826, when a mention is made of the police establishment on the Stockton and Darlington Railway, making it one of the oldest police forces in the world.

Throughout its history BTP has been at the forefront of policing. BTP was one of the first forces to recruit women and pioneered the use of police dogs. A BTP police officer made the first arrest using the "electric telegraph" in 1845 and in the 1970's BTP was the first force to use a computer to report and record crime.

BTP as a single organisation was formed from a combination of several individual railway forces during nationalisation of the railways in 1947 and became part of British

Rail. In 1992 BTP was reorganised into eight areas and in 1997 on the privatisation of British Rail transferred to the Strategic Rail Authority. On 1 July 2004 BTP transferred to the newly created BTPA forming part of the national policing structure, whilst being sponsored by the DfT.

Principal Activities

BTP is the national police force for the railways, providing a policing service to Network Rail, rail passenger and freight train operators, their staff and their passengers throughout England, Wales and Scotland. It is also responsible for policing the London Underground System, the Docklands Light Railway, High Speed 1 (formally Channel Tunnel Rail Link), the Midland Metro Tram System and Croydon Tramlink. These rail businesses provide a transport service to some five million people every day.

BTP forms part of the national policing structure while being sponsored by the DfT. BTP's vision is to provide policing excellence for Britain's railways. Policing excellence means being professional at all times and continually striving to provide the best possible service to the railway community and the travelling public.

Transport networks will always be a prime target for terrorist activities. To combat terrorism on the railway BTP regularly exchanges information and shares lessons learned with international law enforcement agencies. As a result BTP is well equipped in prevention measures and enforcement and has developed unmatched professionalism and expertise in this area. Specialisation is critical when it comes to dealing with threats to the running of the railway. BTP has a well established graded response approach for the assessment of unattended items and bomb threats. The success of BTP's approach is unrivalled by any other law enforcement agency.

BTP has developed significant expertise in dealing with organised events particularly associated with football policing, providing a well co-ordinated national service. The controlled movement of large numbers of people across the rail network to attend major sporting and other events is a key activity for BTP. BTP has specialist officers who work in the environment daily, who know the characteristics of stations, how to manage crowds, and how to activate emergency procedures such as stopping passenger flows or trains. During most week-ends throughout the year large numbers of football supporters travel all over the country using the rail network. BTP's central intelligence capacity allows it to make predictions about the capability needed to plan and police these events in order to minimise disruption to the rail network. BTP regularly liaises with the rail industry about football related issues and participates in joint initiatives to promote reassurance. It achieves this by increasing police visibility through policing 'hotspots' and targeted patrol to directly tackle football related crime and disorder (hooliganism, anti-social behaviour and alcohol related crime).

BTP aims to work in partnership with others to help build a safe railway environment that is free from disruption and the fear of crime.

This will be achieved by:

- Being dedicated to the specialist needs of our railway community;

- Ensuring that staff are well trained and supported to enable us to deliver the highest possible quality of service;
- Improving our systems and structure to increase effectiveness at all levels;
- Improving flows of information to our community about our aims and achievements;
- Providing value for money in all that BTP does.

The Permanent Secretary of the DfT appointed the Chief Constable as the Accounting Officer for the BTPA and BTP when the BTPA was established. Over the years this position has come to be seen as increasingly inappropriate as it made the Chief Constable accountable for the work of his own governance body. As Accounting Officer the Chief Constable was accountable for the BTPA's work in setting a budget and recovering the costs of BTP and the BTPA from the PSA holders and in consequence for the development and application of the charging models. This is something for which the Chief Executive of the BTPA, not the Chief Constable should carry accountability.

Therefore with effect from 12 April 2010, the DfT has appointed the Chief Executive of the BTPA as Principal Accounting Officer. The Chief Executive will in turn appoint the Chief Constable as additional Accounting Officer. The changes do not affect the Chief Constables responsibilities in relation to policing.

Operational Performance during 2009-10

BTP and the BTPA conduct extensive consultation every year with all of BTP's stakeholders (including passengers, railway staff, the railway industry and other interested parties) to determine its Policing Plan targets. The BTPA oversees BTP's Policing Plan development process and is responsible for scrutiny and final approval of the Policing Plan. These targets combine the most important operational and organisational priorities for BTP and reflect the feedback obtained from stakeholders.

Crime statistics are assembled by extracting data from BTP's crime recording system. In the case of Policing Plan targets, pre-defined reports are set up which reflect the definitions agreed by the BTPA as part of the Policing Plan development process (for example, the particular offences and individual definitions).

BTP conducts thorough audit activity of recorded crime data to ensure compliance with the National Crime Recording Standards. (These are the national standards set by the Home Office to ensure accurate and consistent recording of crime data by police forces in England and Wales). Other sources of data include HR data, the majority of which is taken from ORIGIN (BTP's HR management system), BTP's Quality of Service survey on victim satisfaction, and fatality data from BTP's incident recording system (NSPIS Command and Control).

In 2009-10, BTP achieved all 14 of its national targets. As well as this, recorded notifiable crime on the railways (crimes that must be formally notified to the Home Office) fell by 17% (67,217 to 55,761) and BTP's overall detection rate was up three percentage points (32% to 35%).

A summary of performance against national targets is below:

	Target	Outcome	Achieved
1	Reduce notifiable crime (excl. police generated crime)	55,761 against a target of 60,423	Yes
2	Achieve a detection rate of at least 33% for notifiable offences	35%	Yes
3	Reduce live cable related offences by 2% (excl. LU Area)	26% reduction (878 in 2009/10 against 1189 in 2008/09)	Yes
4	All fatalities to be cleared within an average of 90 minutes	81 minutes	Yes
5	Achieve at least 6% efficiency savings on the Overground budget 2008-2009 to 2010-2011	141% equating to 8% of the £201m budget.	Yes
6	13% of police officers recruited to be from BME background	15%	Yes
7	13% of police officers recruited to be female	21%	Yes
8	Percentage of officers promoted to be no less than 9% Black and Ethnic Minority in the year up to 31 March 2010	9%	Yes
9	Percentage of officers promoted to be no less than 12% female in the year up to 31 March 2010	14%	Yes
10	Average sickness per employee to be less than eight days	7.73 sickness days per employee	Yes
11	Overall victim satisfaction rate to be at least 80% in 2009-2010	87%	Yes
12	Answer 90% of emergency calls within 10 seconds	93%	Yes
13	Answer 90% of non- emergency call within 40 seconds	96%	Yes
14	Increase the number of offenders detected for football related offences by at least 7%	49% increase	Yes

The 2010-11 Policing Plan has also been developed with extensive consultation with stakeholders, as per the process described above, and is built on two central themes. These are '*Trust and Confidence*' and '*Protect and Serve*' and between them reflect both BTP's duty to protect the railway infrastructure and its users, and to maintain and improve the trust and confidence of all its stakeholders. It includes specific targets on passenger confidence, reducing violent offences and increasing offenders detected for anti-social behaviour. BTP also sets Local Policing Plans for each of its seven

geographical Areas – both these and BTP's National Policing Plan are available via the BTP's website (www.btp.police.uk) or on request.

Research & Development

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

Some notable examples include:

- Regular strategic reviews of the external environment in which BTP will be operating in the short and medium term to provide a guide and reference tool for its decision makers;
- Consultation with passengers, victims of crime, rail staff and other stakeholders to ensure that their views are taken into account when setting targets and priorities
- Identification and sharing of best practice with other police forces and organisations to improve processes and ways of working;
- Use of cutting edge mobile data technology to increase time spent by officers on core policing duties;
- Regular analysis of intelligence and other information to optimise use of resources.

Risks Facing BTPA

The BTPA maintains a Strategic Risk Register (SRR) which is reviewed by members of the BTPA and senior management on a regular basis. The major risks facing the BTPA are currently:

- Terrorism threat;
- Effect of economic recession on levels of crime and availability of funding;
- Effect of judicial review on funding of service.

Financial Performance in 2009-10

Approval was given for £1.6m to be funded from reserves in 2009-10 which equated approximately to the underspend in 2008-09. BTP's expenditure was £274.6m of which £211.1m related to staff costs and £63.5m of other running costs. The BTPA's expenditure was £3.3m which includes legal and other costs which arose directly from the Judicial Review.

Results for Year ending 31 March 2010

These accounts meet the requirements of the Railways and Transport Safety Act 2003. The Income Statement for the year is shown on page 42 and the Statement of Changes in Taxpayers Equity on page 45. The Statement of Financial Position and Statement of Cash Flows are shown on Pages 43 and 44 respectively. From 1 April 2009 the BTPA

has adopted International Financial Reporting Standards. These accounts reflect the new standards; the effect of adoption is shown in Note 2 of the Accounts.

Effect of Judicial Review

The result of the Judicial Review into core Police Service Agreement (PSA) charges was announced in February 2009 and the accounts for 2008-09 reflected the impact of the review in so far as it affected core PSA charges up to 31 March 2009. The ongoing impact of the judgment has been reflected in the 2009-10 accounts.

There is a formal agreement in place with the DfT which provides for cover for the cash flow shortfalls and to meet any structural gaps arising from two different charging models to recover the total costs of the Authority. Any irrecoverable debt and any other authorised payments made to PSA holders arising directly, or indirectly from the JR is also covered by this agreement.

Arbitration

There is currently a dispute with Arriva Trains Wales relating to their core PSA charges. This has not yet been resolved and negotiations continue.

Pensions

BTP has adopted IAS 19 (Employee Benefits) in full. This has resulted in all the assets and liabilities for each defined benefit scheme run on BTP's behalf by Railways Pension Management Ltd being disclosed (see Note 26 to the accounts). The accounting policy for pensions is disclosed in Note 1.19 to the Accounts.

Going Concern

The opening financial position as at 1 April 2009 shows net pension liabilities of £292.1m. This is owing to full implementation of International Accounting Standard 19 Employee Benefits (previously Financial Reporting Standard 17), requiring the costs and benefits of pension schemes relevant to the BTPA to be reflected in the statement of accounts.

The net liability of the scheme on 31 March 2010 was £469.0m, an increase of £176.9m in the year. The increase is due to increased liabilities (from a reduction in the discount rate and increase in assumed inflation) which were partially offset by gains on the schemes investments. This liability is accounted for as a negative pension reserve. The DfT as sponsoring department has agreed to underwrite any pension shortfalls.

Because of the agreement with the DfT, the BTPA is confident that sufficient resources are available (from PSAs, from service income and from grants from the DfT) to meet its approved expenditure needs. Accordingly it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Payment of Creditors

BTP observes the principles of the Department of Business, Innovation & Skills (BIS) "Prompt Payment" guidance and aims to pay all approved invoices in accordance with its stated payment terms or otherwise within 30 days of receipt of a valid invoice. Copies of the guidance are available from BIS. The BTPA uses the Government Procurement Card for small low risk payments. These are paid immediately to the supplier and are not included in the statistics above.

BTP had agreed a performance target for 2009-10 of 90% of invoices paid within 30 days of receipt of invoice; in 2009-10 performance was 73% (2008-09 65%).

Post Statement of Financial Position Events

As at 31 March 2010 the Authority had loans outstanding from the Department for Transport of £17,694,000 relating to working capital and financial support provided primarily in relation to the impact of the Judicial Review. Since 31 March 2010, the Department has approved additional grants of £8,143,000 to offset some of these loans.

These financial statements were authorised for issue on 22 July 2010.

Auditors

The accounts of the BTPA are audited by the Comptroller and Auditor General (C&AG) under the Railways and Transport Safety Act (2003). The cost of the audit is £130,000. The C&AG does not undertake any non audit work for the BTPA.

Provision of Audit Information

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

Communications and Employee Involvement

BTP values its employees and recognises their role in enabling BTP to achieve its objectives. BTP ensures effective employee involvement through regular consultation with the Superintendents Association, Police Federation and the Transport Salaried Staff Association (TSSA). BTP has also built on its relationships with the support staff groups, including the Support Network for Lesbian, Gay, Bi-sexual and Transgender Staff (LINK), the Women's Support Forum (WSF), the Support Association for Minority Ethnic Staff (SAME), the Disability Support Group (DESA), the Association of Muslim Police (AMP) and the Christian Police Association (CPA). BTP conducts regular staff engagement events and has staff suggestion schemes. Policies and procedures are in place to ensure that outcomes from staff engagement and suggestions are acted upon.

Sickness Absence

BTP is committed to maintaining a high level of attendance from police officers and police staff since this is essential to the maintenance of an efficient and effective policing service.

BTP's sickness absence monitoring is based on three principles:

- The development of an integrated and positive approach, which actively seeks to promote the overall health and wellbeing of BTP employees;
- A positive and proactive approach to sickness management that combines consistent, supportive and equitable procedures with clear expectations of good attendance; and
- Robust procedures for authorising and recording sickness absences, ensuring consistency, fairness and the early identification of welfare needs.

The 2009-10 sickness target is not more than 8 days per person

Actual days sickness per person during 2009-10 were:

	2009-10	2008-09
Police Officers	7.60	7.95
Police Staff	7.36	6.32
Police Community Support Officers	10.31	6.36
Overall	7.73	7.9

Equality and Diversity

BTP strives to have a workforce which reflects the community it serves. This is reflected at a strategic level through objectives set for recruiting, progressing and retaining Black, Minority, Ethnic and women police officers, and through ensuring diversity is embedded in everything we do.

BTP is committed to eliminating unlawful discrimination against disabled people and to ensuring that disabled people can participate fully in the working of the organisation. In pursuing these commitments BTP acknowledges the statutory duties under the Disability Discrimination Act 1995 (DDA), the Disability Discrimination Act 2005 and the Human Rights Act 1995.

Progress against these objectives is closely monitored by both BTP and the BTPA. Success on these objectives is supported through positive action initiatives and work undertaken to increase retention and progression of under-represented groups to higher ranks and grades.

Reporting of Personal Data Related Incidents

BTP has adopted the Government Security Policy Framework (SPF), which has replaced the Manual of Protective Services. The SPF has highlighted a need for a more rigorous Information Security Incident process and as consequence the Information Security Unit is developing a more robust Incident Management Standard Operating Procedure.

BTP is rolling out a software package which will provide controls for the use of portable computer storage devices and will not allow any rogue devices to be used on its force network in the future.

There has recently been a security breach in relation to the release of personal data; this is currently being investigated by the Professional Standards Department (PSD).

Environmental Management Policy

BTP remains committed to the environmental strategy agreed by the BTPA and has continued to adopt a programme of continuous improvement to ensure that we meet our legal environmental requirements and adopt best practice.

Through the programme of works undertaken under either the capital budget or the property maintenance programme this year, we have:

- Met all applicable legislative and other requirements in new works;
- Sought to reduce consumption of materials in our operations, reusing rather than disposing whenever possible, and promoting recycling and the use of recycled materials; and
- Designed energy efficiency into new services, buildings and equipment.

BTP is required to adopt the sustainability targets set by Government and our performance is reported to the DfT. To take this forward, BTP has developed its base position and is meeting a new range of reporting data relating to energy and water consumption, waste disposal and recycling. The objective is to help achieve the vision for the Government Estate of continued sustainability through:

- Modern, resource efficient, low energy buildings;
- Efficient use of space and ways of working; and
- Embedding the principles of sustainable development in our working practices.

BTP will be measurable in the future against the targets which have been set in respect of:

- Climate change mitigation and adaptation;
- Sustainable consumption and production; and
- Natural resource protection.

Social & Community Issues

BTP believes community engagement is essential in its overall aims and policing strategy. BTP is committed to ensuring it has a citizen focused approach which will involve consultation, participation, accountability, transparency and public consent. Throughout the year, BTP has built on its community engagement through involving members in various aspects of the organisation's business. Examples of this are its formal community groups such as the National Independent Advisory Group (NIAG) and the pan- London Independent Advisory Network (IAN), the North-West Citizen Panel and through the NPT key individual networks, established nationally. Additionally, community members are invited to feed back on policies and attend relevant meetings around such areas as diversity action groups, stop and search forums and other meetings that have a community impact. Locally, police teams capture information in relation to the community and people that work and travel on the railway network. BTP has a large extended community family through use of the Railway Safety Accreditation Scheme, the Volunteer Management Programme and the members who work in or on the railway network.

A number of community issues have arisen during the past year. The increase in the number of English Defence League demonstrations has had an impact on the potential for community concern and disorder. BTP community members have been utilised for assistance and guidance in relation to these events in areas such as Birmingham, Scotland and Aylesbury. Where BTP carries out operations locally that could lead to an impact on the community due to a high visible presence, community impact assessments are carried out.

Community concern has risen around the use of stop and search, in particular "Section 44" following the recent ruling at the European Court around the breach of certain aspects of the Human Rights legislation. BTP's approach is one of transparency and community involvement. Community members are invited to the stop search and account group, in which all aspects of stop and search powers, including complaints, disproportionality and activity are reviewed. They are also invited to observe officers being trained and patrol with officers locally. BTP is now producing data that is available for public consumption via the force Internet site. In light of the recent ruling around "Section 44" it is essential that BTP maintains that balance between community consultation and cohesion in its aim of ensuring passenger safety and security.

Throughout the year there has been a high incidence of reporting within the media of the Government's Prevent strategy which is the community focused strand of the Government's overall counter-terrorism Contest strategy. Concerns centre on mistrust that this is a 'spying on' / intelligence gathering programme and in particular the Muslim community feel that there was little consultation prior to the launch of this strategy. BTP has held workshops in relation to the *Prevent Strategy* such as the one with community members in 2009 as well as the national launch in Birmingham in November last year. Additionally BTP held a national Neighbourhood Policing Seminar in Regent's Park Central Mosque in March 2010 which provided opportunity for presentation / discussion around the impact and key concerns. BTP has signed an information sharing protocol agreement with the Muslim Safety Forum, a body which represents over 100 Muslim

organisations nationally, and we are also standing members of the Muslim Safety Forum meetings.

Within the railway community there has been a focus on incidents linked to deaths at level-crossings and the management of fatalities in general have been a focus. Community members have been invited to our fatality management sessions and a lot of work is taking place locally around community safety and the railway. There has also been an increase in concern around suicide within the community and BTP has a suicide prevention working group which involves the wider BTP community as well as key partners such as Samaritans.

Charitable and Political Donations

The BTPA and BTP make no political or charitable donations.

Future Developments

Operations

BTP's Operations Department continues to respond to increasing demands and will be focusing on the following issues as a priority:

- BTP will continue to involve members of the community in the work that it does, including around operations such as Notting Hill Carnival and New Year's Eve and other key events;
- BTP supports the national policing pledge a key part of which will be its response to incidents, the targeting of resources, the agreement with its partners locally around policing plans, consultation and involvement with community members via BTP's Neighbourhood Policing team community meetings. BTP will ensure that its teams publicise via their internet site up to date information and utilise at local level newsletters to keep passengers and rail staff informed;
- BTP will continue to develop the complementary policing side of the service through the promotion of the railway safety accreditation scheme (RSAS), maximising the use of its Special Constabulary and establishing the Volunteer Programme pilot sites in London, the North Western Area and Scotland;
- BTP will continue to develop the *Prevent Strategy* implementation plan throughout 2010-11 and part of this will involve the utilisation of community members in training workshops;
- A programme of work is to be undertaken in conjunction with key partners and agencies in relation to deaths and incidents at level-crossings, the focus being around reduction and education.
- BTP will continue to support its formal community engagement groups and where practical seek out opportunities for further establishments of regional groups in

support of Areas and their Policing Plans. It is important to recognise due to the nature of our organisation that the establishment of such groups should be in accordance with what is both practical and effective on an Area basis.

- Within the London area a Youth Panel has been established which provides BTP with a valuable opportunity to develop our engagement with young people. This is of particular relevance since a focus for this year will be around reducing the risk of death and serious injury and the use of weapons amongst young people. BTP will be engaging with its Youth Panel as part of the strategy in tackling knife crime and gang violence. This will also enable BTP to understand the issues of concern from the perspective of young people within the community; and

The BTP will be taking part in a pilot community placement exercise. This will involve police officers and Police Community Support Officers (PCSO's) being placed in the community. Officers will spend a specified time with community groups and diverse organisations to increase public confidence, achieve two way learning and increase knowledge of the community and key individual networks.

Staffing Plans

BTP's future staffing plans for 2010-11 have been developed around six key areas:

- Embedding the new HR Business Centre and Business Support by increasing HR advisors knowledge and reducing time taken to answer queries;
- Embedding the new Learning and Development (L&D) Department following the successful launch of the new L&D Training Centre;
- Improving recruitment and assessment of Officers by redesigning the recruitment and assessment process to reduce trainee drop out rate and to increase the job effectiveness of new recruit police officers;
- Delivering and embedding the new staff pay and grading structure with a voluntary compliance rate of at least 70%;
- Completing the Establishment Project which will identify all roles within BTP; and
- Deliver the Leadership Development Programme to increase leadership capability and effectiveness.

2010-11 Budget

At the 9 December 2009 meeting of the BTPA, members approved a 2010-11 net revenue budget for the BTP Force of £202.2m. The comparable figure for 2009-10 was £201.2m. At the meeting on 21 January 2010, members approved a budget for the BTPA's own expenditure of £1.92m for 2010-11. This was the same level as that approved for 2009-10. This represented an annual increase of 1.3% which was required to partially fund the existing national police officer pay increase. Taking account of movements in reserves, the meeting on 21 January also approved an increase of 1.3% in PSA charges to fund the expenditure of both BTP and the BTPA.

The BTPA meeting on 11 March delegated authority to the Chief Constable to approve the budget for the London Underground Area on the basis of savings proposals then under discussion with London Underground Ltd (LU Ltd) and Transport for London (TfL). The budget was subsequently approved by the Chief Constable at £49.7m for 2010-11 compared to the budget for 2009-10 of £51.6m. This net expenditure is entirely funded by LU Ltd.

A.C. Figgures

Accounting Officer

20.7.10

U. Banerjee

Chair BTPA

20.7.10

Remuneration Report

Remuneration Policy

The Remuneration Policy for BTPA Members and Senior Officers of the BTPA is implemented in accordance with corporate governance procedures. The BTPA has established the Human Resources and Remuneration (HR&R) Committee to ensure this policy is followed.

Terms of reference

The HR&R Committee's terms of reference are as follows:

To monitor and recommend actions to the BTPA in respect of the BTP concerning:

- Employment and retention policies and strategies;
- Training and development plans;
- Diversity and equality strategies and policies to implement them;
- Specific management reviews within the terms of reference;
- Staff attitude surveys and/or cultural audits; and
- Relevant recommendations by Her Majesty's Inspectorate of Constabulary (HMIC); and

To ratify / agree:

- Major changes to pay and conditions of all staff;
- Relevant BTP policies, e.g. health and safety, diversity and equality; and
- The BTPA's own policies in relation to HR issues.

The HR&R Committee reports directly to the BTPA, and is comprised of the following four BTPA Members:

- Christine Knights – Chair;
- Lew Adams;
- Ron Culley (resigned 26 March 2010); and
- Wendy Towers.

The HR&R Committee holds formal scheduled meetings - four were held in 2009-10. HR Director Linda Scott presents issues to the HR&R Committee. The HR&R Committee reports at BTPA Meetings under the set agenda item of 'Committee Issues'.

From 1 April 2010 the terms of reference of the HR&R Committee will be subsumed into the full BTPA meeting. Matters regarding senior officer and member remuneration will be reported and agreed on by the BTPA which meets at least six times a year.

Members and Senior Officers – Appointments and Service Contracts

The BTPA must contain representation for various groups as set out in the Act, including at least four persons who have knowledge of and experience in relation to the interests of persons travelling by railway, and at least four persons who have knowledge of and experience in relation to the interests of persons providing railway services.

Members of the BTPA are appointed by the Secretary of State for Transport, with the intention that the BTPA represents and is informed of the views and interests of these groups.

Accordingly the current composition of the BTPA is as follows:

- Chair – Urmila Banerjee CBE;
- Deputy Chair - Sir David O'Dowd CBE, OStJ, QPM, DL, DipSoc, BA, MSc, DSc(Hon), CCMI;
- 6 members with knowledge and experience in relation to the interests of persons providing railway services;
- 1 member who has knowledge of and experience in relation to the interests of employees;
- 5 members who have knowledge of and experience in relation to the interests of persons travelling by railway including three members listed below;
- 1 member who has knowledge of and experience in relation to the interests of persons in Scotland and who is appointed following consultation with the Scottish Minister;
- 1 member who has knowledge of and experience in relation to the interests of persons in Wales and who is appointed following consultation with the National Assembly for Wales; and
- 1 member who has knowledge of and experience in relation to the interests of persons in England; and passengers.

The table below provides details of appointment and service contracts for BTPA Members and Senior Officers for 2009-10.

Appointment/Service Contracts

Members	Commencement of Contract	Term expiry date as at 31 March 2009	Notice period required	Main role
Urmila Banerjee CBE	1/12/2008	30/11/2012	3 months	Chairman
Sir David O'Dowd CBE, OStJ, QPM, DL, DipSoc, BA, MSc, DSc(Hon), CCMI	01/07/2008	30/06/2011	3 months	Deputy Chairman
Lew Adams OBE	01/07/2010	30/06/2014	3 months	Employee Matters
Colin Foxall CBE	04/01/2009	03/01/2013	3 months	Passenger Interests & Wales
Ian Dobbs	12/02/2008	31/01/2012	3 months	Knowledge of Industry
Robin Gisby	01/07/2010	30/06/2011	3 months	Knowledge of Industry
Michael Holden	01/07/2008	30/06/2012	3 months	Knowledge of Industry
Jeroen Weimar	01/07/2010	30/06/2014	3 months	Knowledge of Industry
James King	01/07/2008	30/06/2012	3 months	Passenger Interests and Scotland
Christine Knights	01/07/2006	30/06/2010	3 months	Passenger Interests
Suzanne May OBE	01/07/2006	30/06/2010	3 months	Passenger Interests
Ray O'Toole	17/10/2005	16/10/2009	3 months	Knowledge of Industry
Wendy Towers	01/07/2008	30/06/2012	3 months	Passenger Interests and England
Ron Culley	1/06/2008	Resigned 26/03/2010	3 months	Knowledge of Industry
Howard Collins	01/09/2009	31/08/2013	3 months	Knowledge of Industry
Neil Scales OBE	01/09/2009	31/08/2013	3 months	Knowledge of Industry

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

Appointment/Service Contracts (continued)

Senior Officers	Commencement of Contract	Term expiry date as at 31 March 2010	Notice period required	Main role
Richard Hemmings	01/07/2004	Resigned 31/10/2009	3 months	Chief Executive & Clerk
Paul Coen	19/10/2009	23/04/2010	1 month	Interim Chief Executive & Clerk
Peter Haddock*	09/06/2008	11/01/2010	1 month	Deputy Chief Executive
Elizabeth Pike	01/06/2004	31/05/2010	1 month	Treasurer
Strategic Command Team	Commencement of Contract	Term expiry date as at 31 March 2010	Notice period required	Main role
Sir Ian Johnston	01/05/2001	01/09/2009	6 months	Chief Constable
Andrew Trotter	05/01/2004	31/08/2009	3 months	Deputy Chief Constable
Andrew Trotter	01/09/2009	31/08/2014	6 months	Chief Constable
Paul Crowther	01/07/2009	Permanent appointment	3 months	Deputy Chief Constable
Paul Crowther	29/07/2008	Permanent appointment	3 months	ACC (Crime)
Miles Flood	15/03/2010	Temporary appointment	3 months	ACC (Crime)
Mark Smith	24/06/2009	14/03/2010	3 months	Acting ACC (Crime)
Sharon Burd	01/01/2008	Permanent Appointment	3 months	Director, Finance & Corporate Services
David McCall	08/03/2004	Permanent appointment	3 months	Assistant Chief Constable – Scotland
Linda Scott	16/01/2006	Permanent appointment	3 months	Director, HR
Alan Pacey	09/01/2006	Permanent appointment	3 months	ACC (Operations)
Steven Thomas	01/07/2007	Permanent Appointment	3 months	ACC London & Olympics

* Peter Haddock is on secondment from the Home Office. The cost of the secondment in 2009-10 is £59,936.

Remuneration of Members and Senior Officers

The policy on remuneration is determined by a number of factors, some of general consideration, and some that are specific to the transport/policing/security industries.

The general factors taken into consideration are:

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

Specific factors relate to policies and guidelines from the National Police Authorities, Police Negotiating Board and the Association of Chief Police Officers (ACPO), and these will influence the remuneration arrangements for both Chief Officers and other 'non federated' ranks such as Superintendents.

For police support staff, collective bargaining with recognised employee associations determines annual settlements.

Members of the BTPA receive non-pensionable salaries, and their expenses are reimbursed in relation to the time they spend on BTPA business, e.g. meeting attendance, travel, subsistence, etc. The Members' salary and allowances are set by the Secretary of State following consultation with the BTPA.

The salary of Members and Senior Officers (Audited)

	Salary Bands 2009-10	Value of 'non-cash' benefits 2009-10	Salary Bands 2008-09	Value of 'non-cash' benefits 2008-09
MEMBERS	£000s	£	£000s	£
Urmila Banerjee		n/a	5-10 (full year equivalent 30- 35)	n/a
Sir David O'Dowd	30-35			
Lew Adams	25-30	n/a	25-30	n/a
Colin Foxall	15-20	n/a	15-20	n/a
Ian Dobbs	15-20	n/a	15-20	n/a
Ian Dobbs	115-120	n/a	0-5	n/a
Robin Gisby *	n/a	n/a	n/a	n/a
Michael Holden	15-20	n/a	15-20	n/a
James King	15-20	n/a	15-20	n/a
Christine Knights	15-20	n/a	15-20	n/a
Jeroen Weimar*	n/a	n/a	n/a	n/a
Suzanne May	15-20	n/a	15-20	n/a
Raymond O'Toole	5-10 (full year equivalent 15- 20)	n/a		
Ron Culley	15-20	n/a	15-20	n/a
Wendy Towers	15-20	n/a	15-20	n/a
Neil Scales	5-10 (full year equivalent 15- 20)	n/a	n/a	n/a
Howard Collins	5-10 (full year equivalent 15- 20)	n/a	n/a	n/a
<i>* No salary taken</i>				
SENIOR OFFICERS				
Richard Hemmings	105-110	n/a	110-115	n/a
Paul Coen	n/a	n/a	n/a	n/a
Peter Haddock	n/a	n/a	n/a	n/a
Elizabeth Pike	90-95	3,500	35-40	3,500
STRATEGIC COMMAND TEAM				
Sir Ian Johnston	100-105	8,100	200-205	8,100
Andrew Trotter	185-190	9,600	155-160	9,500
Paul Crowther	130-135	11,200	100-105	10,200
Mark Smith	90-95	1,100	85-90	n/a
Miles Flood	95-100	2,500	90-95	1,400

Sharon Burd	130-135	3,100	120-125	3,100
David McCall	110-115	10,000	105-110	10,000
Linda Scott	125-130	2,800	115-120	2,800
Steven Thomas	135-140	6,000	110-115	9,600
Alan Pacey	115-120	4,586	115-120	3,500

Paul Coen's services were obtained through a contractor Gatenby Sanderson. The cost for 2009-10 was £137,265.

Ian Dobbs was also employed as a consultant by BTPA and was paid £102,733 relating to the Judicial Review. These fees were paid to RC&M Services (UK) Ltd. In total £119,777 was paid to Ian Dobbs or RC&M Services during 2009-10.

Salary

Salary includes gross salary, performance pay or bonuses, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, and any other allowance to the extent that it is subject to UK taxation. Expenses are not included as they are reimbursed on production of a valid receipt. The 2008-09 figures have been restated to reflect this.

The pay award for BTP senior officers is performance linked through the Performance and Development Review Programme.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the HM Revenue and Customs as a taxable emolument. The benefits in kind received are healthcare and the use of a vehicle.

Pensions

Pension benefits are provided through the Railways Pension Scheme – British Transport Police Section. This is a registered pension scheme and intended to be a fully funded scheme which provides benefits on a "final salary" at a normal retirement age of 60. Benefits accrue at the rate of 1/60th of pensionable pay (less 1.5 times the basic State Pension) for each year of service. In addition, a lump sum equivalent to 1/40th of pensionable pay for each year of service is payable on retirement. Members pay contributions of 10.09 per cent of pensionable earnings (less 1.5 times the basic State Pension). Pensions payments are increased in line with the Retail Price Index.

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 benefit of 4 times pensionable pay and also provides a service enhancement on computing the spouse's pension, which depends on length of service.

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

Cash Equivalent Transfer Value (CETV)

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

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

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

The pension benefits tables below show the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period

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.

The tables below provide pension details for Senior Officers of the BTPA and BTP.

Increase in Pensions in Year (Audited)

Real Increase in Pension 2009-10	Accrued Pension (Bands)	Lump Sum at 60 (Bands)
AUTHORITY OFFICERS	£000s	£000s
Richard Hemmings	Resigned 31-10-2009	Resigned 31-10-2009
Paul Coen	n/a	n/a
Peter Haddock	n/a	n/a
Elizabeth Pike	0.0-2.5	0.0-2.5
CHIEF OFFICERS GROUP		
Ian Johnston	Retired 01-09-2009	Retired 01-09-2009
Andrew Trotter	2.5-5.0	0.0-2.5
Paul Crowther	12.5-15.0	2.5-5.0
Mark Smith	2.5-5.0	2.5-5.0
Miles Flood	2.5-5.0	2.5-5.0
Sharon Burd	0.0-2.5	0.0-2.5
David McCall	2.5-5.0	0.0-2.5
Linda Scott	2.5-5.0	2.5-5.0
Steven Thomas	0.0-2.5	5.0-7.5
Alan Pacey	5.0-7.5	2.5-5.0

Pension values at 31st March 2010 (Audited) in bands of £5,000

Pension Value at 31-3-2010	Accrued Pension (Bands)	Lump Sum at 60 (Bands)
AUTHORITY OFFICERS	£000s	£000s
Richard Hemmings	Resigned 31-10-2009	Resigned 31-10-2009
Paul Coen	n/a	n/a
Peter Haddock	n/a	n/a
Elizabeth Pike	0-5	0-5
CHIEF OFFICERS GROUP		
Ian Johnston	Retired 01-09-2009	Retired 01-09-2009
Andrew Trotter	15-20	10-15
Paul Crowther	65-70	55-60
Mark Smith	45-50	55-60
Miles Flood	35-40	45-50
Sharon Burd	0-5	0-5
David McCall	10-15	10-15
Linda Scott	35-40	35-40
Steven Thomas	0-5	15-20
Alan Pacey	60-65	60-65

Cash Equivalent Transfer Values (CETV) (Audited)

	CETV		
	Value at	Real	Value at
	01-04- 2009	Increase 2009-10	31-03- 2010
	£000s	£000s	£000s
OFFICERS			
Richard Hemmings	131	n/a	n/a
Peter Haddock	n/a	n/a	n/a
Elizabeth Pike	27	3	30
CHIEF OFFICERS GROUP			
Ian Johnston	291	n/a	n/a
Andrew Trotter	256	68	324
Sharon Burd	35	24	59
David McCall	219	61	280
Linda Scott	472	6	478
Steven Thomas	29	18	47
Paul Crowther	864	274	1138
Alan Pacey	1107	163	1270
Miles Flood	517	54	571
Mark Smith	647	67	714

A.C. Figgures

U. Banerjee

Accounting Officer

Chair BTPA

20.7.10

20.7.10

Statement of Authority Members' Responsibilities

The BTPA shall have not less than eleven and not more than seventeen members all appointed by the Secretary of State. The Secretary of State currently appoints fifteen members. They are appointed with knowledge variously of the interests of those travelling by railway, those running railway services, of rail staff and of persons each in England, Scotland and Wales.

The BTPA has amongst others, the following responsibilities to:

- Maintain an efficient and effective policing of the railways;
- Consult with a wide range of stakeholders about policing the railway network;
- Undertake any direction given by the Secretary of State for Transport for policing the railways;
- Establish an annual policing plan plus a three year strategic plan; and
- Set a budget for BTP and for the BTPA.

The Chairman, Vice-Chairman and members each have job descriptions outlining their respective roles and responsibilities within the BTPA.

All members are appointed by the Secretary of State for Transport.

The present members of the BTPA are as follows:

Urmila Banerjee CBE Chair

As well as being the Chair of the BTPA, Urmila is a Non-Executive Board Member of the Office of Communications (Ofcom) and a Trustee of the Peabody Trust and of NHS Newham Primary Care Trust.

BTPA Member responsibility: Police Service Agreement Liaison
Strategy, Budget and Performance Monitoring (Chair)

Sir David O'Dowd CBE, OStJ, QPM, DL, DipSoc, BA, MSc, DSc (Hon), CCMI – Deputy Chair

Sir David also holds the following appointments – In a voluntary capacity Sir David is a Governor of the University of Northampton and member of the court of the University of Leicester. He is also a Deputy Lord Lieutenant for the County of Northamptonshire.

BTPA Member responsibility: Chairman of the Audit and Governance Committee
Strategy, Budget & Performance Monitoring
Committee
North West Area
National Crime Recording Standard

Lew Adams OBE - Employee Matters

Lew is a member of the pension management committee of the British Transport Police Force Superannuation Fund, and a member of Friends of the National Railway Museum, York.

BTPA Member responsibility: Human Resources and Remuneration Committee
Stakeholder Relations and Communication Strategy Committee
London North Area
Route Crime
Health and Safety

Ian Dobbs – Knowledge of Industry

Until February 2009 Ian was Chief Executive of the Rail Division of Stagecoach Group PLC after a long career running railway companies in the UK and overseas. Ian was a Director of the Association of Train Operating Companies and also a Member of the National Task Force on Rail.

BTPA Member responsibility: Professional Standards Committee
Strategy, Budget and Performance Monitoring Committee
London South Area
Staff Assaults

Colin Foxall CBE – Knowledge of Passenger Interests and Wales

Colin holds the following appointments – Chairman of Passenger Focus (formerly the Rail Passenger Council), a Secretary of State appointment, and a part time employee of AonBenfield.

BTPA Member responsibility: Audit and Corporate Governance Committee
Professional Standards
Wales and Western Area
Theft of Passenger Property
Finance

Robin Gisby - Knowledge of Industry

Robin is an employee of Network Rail and is a Director, Operations and Customer Services for Network Rail.

BTPA Member responsibility: Strategy, Budget and Performance Monitoring Committee
Stakeholder Relations and Communication Strategy Committee

Olympic Committee
 London South Area
 Fatality Management
 Property

Michael Holden - Knowledge of Industry

Michael is a Director of Coedale Consulting Limited, an Associate of First Class Partnerships and holds non-remunerated directorships in Railway Children Trading Ltd; Railway Children Ball Limited and Railway Children Limited – all charitable organisations. He is a Director of Directly Operated Railways Ltd and East Coast Main Line Company Ltd. He is a Trustee of Pinewood Gymnastics Club, a registered charity.

BTPA Member responsibility: Strategy, Budget and Performance Monitoring Committee
 Stakeholder Relations and Communication Strategy Committee
 Audit and Corporate Governance Committee
 London South Area
 Robbery
 Efficiency Programme

James King – Knowledge of Passenger Interests and Scotland

James is an employee and director of Marketing Principals International Limited. James is also a member of both Passenger Focus and the Public Transport Users' Committee for Scotland.

BTPA member responsibility: Stakeholder Relations and Communication
 Strategy, Budget and Performance Monitoring Committee
 Scotland Area
 Neighbourhood Policing
 Anti-Social Behaviour
 Diversity (External)
 Consultation / Communication
 Stop & Search
 Police Plan Working Group
 Critical Incidents
 Scottish Interests

Christine Knights – Knowledge of Passenger Interests

Christine is a Member of Passenger Focus and is a member of the Board of Governors of the Westminster Foundation for Democracy.

BTPA Member responsibility: Human Resources and Remuneration Committee (Chair)
Strategy, Budget and Performance Monitoring Committee
North East Area
Violent Crime
Diversity (Internal Employment and Gender)
HR Strategy

Jeroen Weimar – Knowledge of Industry

Jeroen was an employee of Transport for London until March 2010. Since then he has been an employee of Serco Group PLC.

BTPA Member responsibility: Strategy, Budget and Performance Monitoring Committee
Audit and Corporate Governance Committee
Wales and Western Area
Efficiency Programme

Suzanne May OBE – Knowledge of Passenger Interests

Company Secretary, Mayday Management Services Ltd

BTPA Member responsibility: Chairman Olympic Steering Group
Audit and Corporate Governance Committee
Stakeholder Relations and Communication Strategy Committee
London Underground Area
Neighbourhood Policing
Graffiti
Member Development
Independent Custody Visiting

Ray O’Toole– Knowledge of Industry

Ray is Chief Executive, National Express Co Limited

BTPA Member responsibility: Strategy, Budget and Performance Monitoring Committee
Stakeholder Relations and Communication Strategy Committee
FHQ Area
Police Service Agreement Liaison
Football

Wendy Towers – Passenger interests

Wendy is a Board member of the Security Industry Authority.

BTPA Member responsibility: Professional Standards Committee (Chair)
Human Resources and Remuneration Committee
FHQ Area
Hate Crime
Diversity (Internal)

Ronald Culley – Knowledge of Industry

Ron Culley is Chief Executive of Strathclyde Partnership for Transport and is Director General of Strathclyde Passenger Transport Authority. He is also a Board Member of the Wise Group and is Chairman of the Human Resources Committee. In a voluntary capacity he is an Honorary Member of Harmony Row Youth Club.

BTPA Member responsibility: Human Resources and Remuneration Committee
Professional Standards Committee
NW England Area
Counter-terrorism

Neil Scales OBE – Knowledge of Industry

Neil is Chief Executive and Director General Mersey travel. He holds a wide portfolio of directorships: Merseyside Passenger Transport Services Ltd; Mersey Ferries Ltd; Merseytravel Ltd; Merseytravel Commercial Services Ltd; Merseytravel Facilities Management Ltd; Merseyside Rapid Transit Ltd; Neil Scales (Consulting) Ltd; Integrated Transport Smart Card Organisation Ltd; The Mersey Partnership; Global Smart Media Ltd; Global Smart Media (IPR) Ltd; Live Smart Ltd; Accrington Technologies Ltd; Liverpool South Parkway Ltd; UKTram Ltd; PTEG Ltd; Merseytram 2005 Ltd; Integrated Transport Smart Card Organisation Services Ltd; tie Ltd; Real Time Information Group; U534 Ltd; Spaceport Ltd; The Beatles Story Ltd; ACT-Travelwise.

BTPA Member responsibility:As at 31 March 2010 not allocated

Howard Collins – Knowledge of Industry

Howard is Chief Operating Officer for London Underground.

BTPA Member responsibility:As at 31 March 2010 not allocated

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

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

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

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

The Accounting Officer of the Department has designated the Chief Executive as the Principal Accounting Officer of the BTPA from 12 April 2010. Prior to that date the Chief Constable was the Accounting Officer. 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 BTPA's assets, are set out in the HM Treasury publication Managing Public Money. It is intended to appoint the Chief Constable as an additional Accounting Officer.

STATEMENT ON INTERNAL CONTROL

SCOPE OF RESPONSIBILITY

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

In September 2009 the Accounting Officer role transferred from the retiring Chief Constable to the new Chief Constable. A full handover was undertaken and there was no impact on the system of internal control. On 12 April as the new Chief Executive of the BTPA I was designated as the Principal Accounting Officer.

The Chair and I, as Chief Executive of the BTPA meet with the ministerial team at the Department for Transport on a regular basis to discuss relevant issues of policy and strategy. The Chief Constable also meets with the Secretary of State and his team on a regular basis.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the BTPA and BTP policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. During the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, the system of internal control has been developed and improved whenever necessary and accords with Treasury guidance.

Capacity to handle risk

The BTPA and all BTP's Chief Officers and senior managers recognise that the responsibility for risk management should be driven from the top.

A Corporate Governance and Risk Management process is in operation for BTP and the BTPA with the endorsement and supervision of the BTPA's Audit and Corporate Governance (A&CG) Committee. The full BTPA currently reviews the Strategic Risk Register on an annual basis but in future will do so quarterly.

BTP has a Corporate Risk Team, headed by a professional risk manager and supported by a Risk Management Coordinator. In addition, each Chief Officer and Area Commander has a Risk Representative to act as the single point of contact in their portfolio or Area and to manage the risk management process including the maintenance of Area or Departmental risk registers. During 2009-10, the role of risk champion was introduced and each Chief Officer and Area Commander is required to have a Risk Champion who is a member of the senior management team (SMT) and who is charged with the responsibility for ensuring that risk management is given due consideration and that acceptable progress is made in managing risks. Whilst the

majority of Areas and Portfolios have identified risk champions, these roles have been and continue to be developing.

A training programme for risk representatives has been delivered to enable them to carry out their function effectively, with seminars held to promulgate best practice and introduce process improvements. One-to-one training and support for risk representatives has been provided through the year. Training for risk champions and senior management is under development for delivery in 2010 -11 in order to continue to embed risk management into everyday business.

Business risks are managed through a corporate assurance structure which allows escalation or transfer of risks to the appropriate area, portfolio, corporate or strategic risk register in accordance with a consistent methodology.

Specialist areas such as health and safety, information management, technology and project management have dedicated Boards which include provision for risk reporting. The Professional Standards Department undertake reviews of internal compliance and conduct and any weaknesses identified are highlighted and appropriate action taken.

Good practice and areas for improvement in risk management are promulgated through the Corporate Assurance Group (CAG) and Risk Committee (RC) programme, through risk champions and risk representatives, and through the SMT of the BTPA. Lessons learned from internal control and conduct matters are reported to BTP's Strategic Command Team (SCT) meetings and published on its Intranet.

Changes in Risk Environment:

Significant changes in the risk environment during 2009-10 included the impact of the economic recession, complications resulting from the Judicial Review's findings in relation to the 2007 PSA Charging Model, and the declaration of a Pandemic Flu by the World Health Organisation.

Economic Recession

In response to the economic recession, BTP identified a number of thematic risks including the failure of critical suppliers or major PSA customers, such as the train operating companies (TOCs) and strategies for their management including the monitoring of economic performance of suppliers and the agreement of the DfT to make good any shortfall in funding as a result of the failure of a core PSA holder.

PSA Charging Mechanism

Although the decision of the Judicial Review was made in the 2008-09 accounting period, the impact of the decision has occurred during 2009-10. A thorough review and reconciliation of all charges made to PSA holders from 1999-2000 to 2009-10 was undertaken during the year, resulting in the identification of some incorrect charges in the seven year period to 2006/07. Adjustments relating to the impact of the Judicial review decision on old style PSA holders has led to additional charges being levied on, or credits being given to core PSA holders as a result of using the adjusted fixed proportions from 1999/2000. These charges had previously been levied using a new allocation model. These have all been corrected and revised invoices and/or credit notes

have been issued following an independent verification of the process by our internal auditors. The verification work and financial consequences were monitored by bi-weekly meetings. An improved governance process has been put in place to ensure adequate oversight and approval for all stages of the charging process.

Agreement has been reached with the DfT to underwrite any irrecoverable structural gap between the revised charges and the original charges which arose because of the Judgement. This provides cover for the cash flow shortfalls and meets any structural gaps arising from the two charging models. Any irrecoverable debt and any other authorised payments made to PSA holders arising directly or indirectly from the JR is also underwritten by the DfT.

Flu

In response to Pandemic Flu, BTP reviewed and updated its business continuity plans with regular meetings led by a SCT member held to review the impact of the pandemic causing increased levels of staff absences through the year. This led to a significant increase in resilience to cope with staff shortages across BTP.

THE RISK AND CONTROL FRAMEWORK

The BTPA Governance Statement sets out the responsibilities of the BTPA to hold BTP to account in relation to its risk management arrangements, review of the efficacy of risk management strategies and the requirement to have procedures in place to address any weaknesses.

BTP has an approved risk management policy and Standard Operating Procedures (SOP). The documents establish the approach to risk management within BTP and explain the roles and responsibilities of the Chief Constable, Chief Officers and other relevant parties. Internal audit has recently reviewed the risk process and given it a good assurance. The BTPA has introduced BTP's SOP to establish a consistent approach to risk management.

The Strategic Plan and Policing Plan detail the objectives BTP is required to achieve and the risk management SOP describes the framework by which risks to the achievement of these objectives should be managed. It includes processes for monitoring and reporting risk as well as escalation procedures. Review periods are determined appropriate to the level and status of the individual risks.

During 2009-10, it was agreed that the SRR would be a joint document detailing both BTP's and the BTPA's Strategic Risks. In addition the BTPA has also established its own operational risk register for its significant day to day risks.

The BTPA monitors the effectiveness of risk management by BTP through meetings of the A&CG Committee. This Committee meets quarterly and provides a forum for the review of internal and external audits in addition to the arrangements for risk management. In addition, the full BTPA is required to review risk management arrangements at least annually.

Risk management remains a standing agenda item for a number of key BTPA and BTP meetings, including:

- The quarterly A&CG Committee which monitors BTP's system of internal control and arrangements for risk management;
- A quarterly BTP Strategic Command Team meeting, chaired by the Chief Constable, ensures that the Chief Officers, as the sponsors of risks, have accountability for their mitigation and are responsible for identifying and approving new and closed strategic risks;
- The quarterly Risk Committee chaired by the Director of Finance and Corporate Services is charged with ensuring that the management of risk across BTP is consistent with the risk management policy and that force level risks are being managed appropriately. It also provides a level of assurance about the adequacy of internal control within BTP particularly with regard to Business Continuity, Information Security and Internal Audit;
- The monthly Corporate Assurance Group, chaired by the Head of Risk Management, scrutinises the content of Area and Portfolio Risk Registers to provide a level of assurance on the adequacy of internal control and the progress against Business Continuity and Information Security Management;
- Monthly Area and portfolio meetings provide a platform for the identification of new risks and for reviewing existing operational risks; and
- Specific boards review risks pertaining to health and safety, technology, information management and BTP forcewide projects.

Health and Safety risks are reviewed by the Central Health and Safety Committee which meets quarterly and has representation from all BTP Areas and Portfolios. Force level programmes and projects are managed and governed by the BTP's project management methodology, which utilises the approved Office of Government Commerce (OGC) frameworks such as Prince 2 and Managing Successful Programmes (MSP). OGC style reviews are also performed during the project lifecycle to deliver an independent review from outside the programme/project to determine the likelihood of successful delivery relative to the approved business case. The governance arrangements for programmes and projects were reviewed by the Risk Committee in July 2009. Internal Audit gave the process a good assurance. Information Management risks are reviewed by BTP's IMPACT Project Board.

BTP is working towards compliance with the Government's Security Policy Framework (SPF). The SPF replaces the Manual of Protective Security and the Counter-Terrorist Protective Security Manual. The SPF is based on the principles of risk management; however, within this context the framework outlines a number of mandatory minimum requirements which apply to all Government Departments, Agencies and where necessary any organisations working on behalf of, or handling Government assets, such as NDPBs. The mechanism to monitor and verify adherence with the framework, in particular the minimum requirements, is critical to success in providing robust assurance across the protective security spectrum. The assurance mechanism is based on a combination of self assessment, central reporting and review. Our self assessment has identified that we are fully compliant with 51 of the 70 mandatory requirements, and that the lack of full compliance is being managed appropriately with an action plan in place to address the remaining issues within the next year.

There has recently been a security issue in relation to the release of personal data which is currently being investigated by BTP's PSD. However, BTP remains confident that this release did not occur as a result of the compliance gaps described above.

Together these forums form a comprehensive reporting structure within which BTPA's and BTP's risks are identified and mitigating actions and controls progressed. Risk appetites are determined by the ability of the individual area or portfolio to manage that risk successfully without recourse to other parts of the business, and an escalation process is in place for risks falling outside those limits.

REVIEW OF EFFECTIVENESS AND AREAS FOR DEVELOPMENT

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors (Tribal) and by BTP Chief Officers, who have responsibility for the development and maintenance of the internal control framework, and for addressing comments made by the external auditors in their management letter and other reports. The agreed Audit Programme is, in part, determined on a risk assessment basis and is formally agreed by the A&CG. In addition, assurance has been sought from all areas of BTP with responsibility for aspects of Internal Control through the completion of the DfT Management Assurance Framework.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The National Audit Office (NAO) final completion report for 2008-09 noted a number of audit and accounting issues in the financial statements. Management responses to these concerns were provided and work is underway to progress them. These matters have been revisited as part of the 2009-10 NAO work.

BTPA engaged new internal auditors from April 2009, Tribal, with a specific brief to take a risk based approach to auditing. An annual plan was agreed by BTP and BTPA and the planned work for 2009/10 has been carried out. All areas of weakness identified are addressed through management action plans.

Within the last 12 months a number of changes to the internal control structure have been made including:

- Adoption of BTP's approach to risk management by the BTPA including the addition of BTPA risks to the Strategic Risk Register;
- The revision of the terms of reference for CAG has enabled detailed scrutiny of Area and Portfolio risks resulting in the ability to provide a higher level of assurance and the sharing of best practice. As at 1 April 2010, eight of the eleven registers have been scrutinised and whilst a number of weaknesses and areas of non-compliance have been identified, progress is being made to resolve these;
- The revised CAG links risk management considerations to the findings of Information Security Audits and Business Continuity arrangements;

- The creation of a Corporate Risk Register to capture those risks, which, while not threatening the achievement of Strategic Objectives nevertheless impact across divisional boundaries within BTP;
- Update of guidance material on risk management;
- Updated risk management policy and SOP;
- Creation of the role of risk champion;
- The adoption of a Health and Safety inspection regime which visits all locations between once and three times a year dependent on the size of location and numbers of people who work there, together with consideration of the findings of previous audits;
- A number of steps towards alignment with the British Business Continuity Standard BS25999 including the production of Incident Response Plans to deal with large scale Premises and Process (including Technology) failures;
- In line with the new ACPO Information Systems Community Security Policy, protective monitoring software (Vigilance Pro) is being introduced to ensure that electronic information usage can be monitored automatically. This system will also enforce compliance with existing procedures, including the use of protective marking, and the use of only BTP-issued encrypted memory sticks;
and
- A major review of governance arrangements by the BTPA, which is ongoing and will be reviewed by internal audit in 2010-11.

Whilst significant progress has been made, further work is needed to ensure risk management is embedded throughout the organisation. Work to enhance involvement of the SCT and SMTs are planned, along with efforts to ensure greater cohesion in risk management within BTP and the BTPA.

In addition to the progress made to date there are plans for further improvements to risk management and risk reporting:

- Delivery of a risk management briefing package for Area Commanders and Departmental Heads which will be delivered to Area Management Team and SMT meetings, as well as to the BTPA, to improve risk based decision making;
- Reviewing and improving escalation processes and auditing of risk registers;
- Delivery of a partnership risk management toolkit to inform the development of risk management best practice when working in partnership with another body;
- Analysis of the organisation's risk maturity based on national public sector models to inform areas for future improvement;
- A risk reporting tool available to all staff with access to BTP's Intranet;
- Review of interconnected departmental involvement, communication and processes in risk management and improvements where possible;
- Working with others to prevent a risk-averse attitude undermining achievement of corporate objectives;
- Participating in benchmarking with other police forces and organisations and utilising best practice to further improve BTP's risk maturity;
- A model for self assessment of Risk Management Maturity for Areas and Portfolios has also been developed and will be deployed during 2010-11; and

- A complete review of schemes of delegation between the Principal Accounting Officer and Additional Accounting Officer following the changes in Accounting Officer arrangements.

BTP continues to collaborate with other police forces at national and regional levels to identify, develop and promote best practice in respect of all issues pertaining to risk management in the wider police service, in particular issues that would benefit from the deployment of a national approach and to foster and encourage partnership working in respect of the development of risk management processes, procedures and procurement of services.

Work is ongoing to ensure BTP considers the risk management arrangements of its partners, to be satisfied that these are adequate and that they do not jeopardise the achievement of the Strategic Plan.

BTP has a Major Incident Manual which acts as the basis for the Forcewide Emergency Plan. A major review of this plan will be undertaken ahead of the 2012 Olympic Games as part of a wider business continuity management programme for 2010-11 to ensure fitness for purpose.

The BTPA's A&CG Committee monitors the effectiveness of risk management and whether reliance can be placed upon BTP's internal control systems.

SIGNIFICANT INTERNAL CONTROL ISSUES

Internal Control issues identified by the NAO during their audit for 2008-09 included the calculation of charges to PSA Holders leading to material errors in the amounts charged to PSA Holders, and concerns around the management of payroll. A significant amount of time was spent on the issues arising out of the Judicial Review. This has resulted in the governance arrangements around core PSA charges being overhauled and a new governance document for PSA charges was approved at the December 2009 A&CG meeting. All major core PSA holders were met with during 2009-10 to explain the implications of the Judicial Review decision. Twice weekly internal meetings were held during the year to review all issues related to the Judicial Review, invoices and debt recovery. In 2010/11 these meetings will be held weekly as many of the debt recovery issues are now resolved.

With regard to the issues identified regarding payroll and evidence supporting allowances for employees, corrective action has been taken including additional testing carried out by our internal auditors. A work programme has been put in place to resolve the issues and is being implemented.

A.C. Figgures
Accounting Officer
20.7.10

U. Banerjee
Chair BTPA
20.7.10

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of the British Transport Police Fund for the year ended 31 March 2010 under the Railways and Transport Safety Act 2003. These comprise the Income Statement, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the British Transport Police Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the British Transport Police Authority; and the overall presentation of the financial statements.

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

Opinion on Regularity

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

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the British Transport Police Fund as at 31 March 2010 and of its deficit, changes in taxpayers' equity and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the

Railways and Transport Safety Act 2003 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Railways and Transport Safety Act 2003; and
- the information given in the Introduction 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
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

22 July 2010

Income Statement for the year ending 31 March 2010

		2009-10	Restated 2008-09
	Note	£000	£000
Income			
Trading income	4	199,046	189,541
Non-trading income	4	69,358	66,179
Release from Grant Reserve	4	932	772
		269,336	256,492
Operating Expenditure			
Staff costs	5	(211,915)	(213,919)
Depreciation	6	(9,436)	(7,104)
Other Expenditure	6	(56,582)	(53,635)
		(277,933)	(274,658)
Operating Deficit			
		(8,597)	(18,166)
Notional cost of capital		12,276	7,810
Surplus/(Deficit) on ordinary activities before interest			
		3,679	(10,356)
Net Interest Receivable		10	3
Net Interest Payable for pension schemes	27	(24,000)	200
Net Operating Deficit			
		(20,311)	(10,153)
Reversal of notional cost of capital		(12,276)	(7,810)
Net Deficit for the financial year			
		(32,587)	(17,963)

The deficit for the financial year is transferred to the General Reserve. Movements in the General Reserve are set out in Note 25.

The net deficit of £32.59m in 2009-10 includes a debit of £26.50m relating to IAS19 pensions accounting (see notes 26 and 27) and a debit of £0.32m relating to other IAS19 Employee Benefit adjustments. BTPA also received monies from the Department for Transport to cover the impact of the Judicial Review. The amount related to 2009-2010 is £7.56m. Of this £7.48m has been treated as financing with the remaining £0.08 treated as a loan. The operational deficit is £1.79m. In 2008-09 the deficit of £17.96m includes a debit of £13.50m relating to IAS19 pensions accounting, a debit of £4.03m related to the TOCS payment dispute and a debit of £0.32m relating to other IAS19 Employee Benefit adjustments. The operational deficit was £0.11m

All operations are classed as continuing; there were no material acquisitions or disposals during the year.

Accounting policies and notes forming part of these accounts are on pages 46 to 69.

Statement of Financial Position as at 31 March 2010

		2009-10		Restated 2008-09		Restated 01 April 2008	
	Note	£000	£000	£000	£000	£000	£000
Non-Current Assets:							
Property, Plant and Equipment	7	44,515		35,613		31,157	
Intangible assets	8	4,178		3,596		1,943	
Trade and other receivables	11	281		338		133	
Other assets	11	0		1,800		3,500	
Total Non-Current assets:			48,974		41,347		36,733
Current Assets							
Inventories	10	384		310		0	
Trade and other receivables	11	23,264		54,468		25,806	
Cash and cash equivalents	12	35,657		15,037		25,303	
Total Current assets:			59,305		69,815		51,109
Total Assets			108,279		111,162		87,842
Current Liabilities							
Trade and other payables	13	(47,817)		(72,715)		(56,771)	
Provisions for liabilities and charges	14	(2,512)		(930)		(2,038)	
Total current liabilities			(50,329)		(73,645)		(58,809)
Non-current assets plus/less net current assets/liabilities			57,950		37,517		29,033
Non-Current Liabilities							
Pension Liabilities	27	(469,000)		(292,110)		(189,840)	
Other payables	13	(17,694)		(18,170)		(12,723)	
Total non-current liabilities			(486,694)		(310,280)		(202,563)
Assets less liabilities			(428,744)		(272,763)		(173,530)
Taxpayers' Equity							
General Reserve - Distributable	25	(28,730)		(10,833)		(11,017)	
General Reserve - Revenue Financing	25	15,806		0		0	
General Reserve - Capital Financing	25	37,128		30,035		26,182	
General Reserve - Working Capital	25	6,500		6,500		6,500	
General Reserve - PSA Charges	25	0		(13,410)		(9,477)	
			30,704		12,292		12,188
Contingency Reserve		2,224		1,400		1,400	
Grant Reserve		3,903		3,693		1,694	
Revaluation Reserve		3,425		1,962		1,028	
Pension Reserve	27	(469,000)		(292,110)		(189,840)	
			(459,448)		(285,055)		(185,718)
Assets less liabilities			(428,744)		(272,763)		(173,530)

The financial statements on pages 42 to 69 were approved by the Authority on 08/07/2010 and were signed on its behalf by:

Signed A.C. Figgures

Accounting Officer

Date 20.7.10

Signed U. Banerjee

Chair BTPA

Date 20.7.10

Accounting policies and notes forming part of these accounts are on pages 46 to 69.

Statement of Cashflows for the Year Ending 31 March 2010

	Note	£000	2009-10 £000	£000	Restated 2008-09 £000
Cash flows from operating activities					
Net deficit after cost of capital and interest		(32,587)		(17,963)	
Profit on disposal of non-current assets	6	236		1,524	
less movements in disposals of non-current assets relating to items not passing through the Income Statement		80		0	
(Increase)/Decrease in trade and other receivables	11	33,061		(27,167)	
Increase in inventories	10	(74)		(310)	
Increase/(Decrease) in trade payables	13	(25,374)		21,391	
less movements in payables relating to items not passing through the Income Statement		1		139	
Use of provisions	14	1,582		(1,108)	
Depreciation charges	7	8,315		6,359	
Amortisation charges	8	1,121		745	
Release of government grant reserve	4	(932)		(772)	
Write off for MHCA		520		793	
Pension charges		2,500		13,700	
Net Interest Receivable (payable) for pension schemes		24,000		(200)	
(Increase)/decrease in tangible asset accruals - non cash additions	7	1,689		(907)	
(Increase)/decrease in intangible asset accruals - non cash additions	8	154		(390)	
Net cash flow from operating activities			14,292		(4,166)
Cash flows from investing activities					
Purchase of property, plant and equipment	7	(16,006)		(10,801)	
Purchase of intangible non-current assets	8	(1,894)		(2,019)	
Proceeds of disposal of property, plant and equipment		187		96	
Net cash flow from investing activities			(17,713)		(12,724)
Cash flows from financing activities					
Grants from parent department		23,145		11,710	
Amounts Repayable from DfT		138		(7,147)	
Other grants		758		2,061	
Net financing			24,041		6,624
Net increase/(decrease) in cash and cash equivalents in the period			20,620		(10,266)
Cash and cash equivalents at the beginning of the period	12		15,037		25,303
Cash and cash equivalents at the end of the period	12		35,657		15,037
	12		(20,620)		10,266

Accounting policies and notes forming part of these accounts are on pages 46 to 69.

Statement of Changes in Taxpayers' Equity

Note	General Reserve £000	Contingency Reserve £000	Grant Reserve £000	Revaluation Reserve £000	Pension Reserve £000	Total Reserve £000
Balance at 31 March 2008	14,204	1,400	1,694	1,028	(189,840)	(171,514)
Changes in accounting policy	(2,016)	0	0	0	0	(2,016)
Restated balance at 01 April 2008	12,188	1,400	1,694	1,028	(189,840)	(173,530)
Changes in reserves 2008-2009						
Net gain on revaluation of property, plant and equipment and motor vehicles	0	0	0	1,453	0	1,453
Pension movement	0	0	0	0	(88,770)	(88,770)
Cash Received from Debtor/Creditor previously written off	195	0	0	0	0	195
Transfer to / (from) reserves	14,019	0	0	(519)	(13,500)	(0)
Retained deficit for the period	(17,963)	0	0	0	0	(17,963)
Total recognised income and expense for 2008-2009	(3,749)	0	0	934	(102,270)	(105,085)
Grants Received						
Capital Grant in Aid Received	11,000	0	2,771	0	0	13,771
Amounts Repayable to DFT	(7,147)	0	0	0	0	(7,147)
Amortisation of specific capital grants	0	0	(772)	0	0	(772)
Total Grants Received	3,853	0	1,999	0	0	5,852
Balance at 31 March 2009	12,292	1,400	3,693	1,962	(292,110)	(272,763)
Changes in accounting policy	0	0	0	0	0	0
Restated balance at 01 April 2009	12,292	1,400	3,693	1,962	(292,110)	(272,763)
Changes in reserves 2009-2010						
Net gain on revaluation of property, plant and equipment and motor vehicles	627	0	0	3,252	0	3,879
Pension movement	0	0	0	0	(150,390)	(150,390)
Cash Received from Debtor/Creditor previously written off	8	0	0	0	0	8
Transfer to / (from) reserves	27,465	824	0	(1,789)	(26,500)	(0)
Retained deficit for the period	(32,587)	0	0	0	0	(32,587)
Total recognised income and expense for 2009-2010	(4,487)	824	0	1,463	(176,890)	(179,090)
Grants Received						
Revenue Grant in Aid Received	15,806	0	0	0	0	15,806
Capital Grant in Aid Received	6,955	0	1,142	0	0	8,097
Amounts Repayable from DFT	138	0	0	0	0	138
Amortisation of specific capital grants	0	0	(932)	0	0	(932)
Total Grants Received	22,899	0	210	0	0	23,109
Balance at 31 March 2010	30,704	2,224	3,903	3,425	(469,000)	(428,744)

General Reserve

This comprises the Distributable Reserve, the Revenue Financing Reserve, the Capital Financing Reserve, the Working Capital Reserve and the PSA Charges Reserve.

The Distributable Reserve represents BTPA's cumulative past operating surpluses/deficits. The Revenue Financing Reserve represents the Government grants received to cover the impact of the Judicial Review. The Capital Financing Reserve represents the Government grants received for the general acquisition of capital goods. Consideration is being given by the Authority during 2010-11 as to the most appropriate use of the reserves. The Working Capital Reserve represents Grant in Aid from the Department for Transport to ensure the liquidity of BTPA. The PSA Charges Reserve represents the effect of the Judicial Review on the amounts that can be charged to PSA holders because the two charging models do not recover the full operating costs.

For further details refer to Note 25.

Contingency Reserve

With the agreement of HM Treasury and the Department for Transport this reserve has been created to provide for unexpected events, such as major incidents and crimes, and to reduce the impact of these events on a single years budget. The reserve is not expected to exceed £3m, with the ceiling being increased by the Retail Price Index each year.

Grant Reserve

This reserve is credited with capital cash grants used to fund fixed assets and is then released to the Income Statement to match expenditure on these grant funded assets.

Revaluation Reserve

This reflects the changes in value arising from indexation under the modified historic cost convention. The movement represents upward indexation and downward indexation to the extent that there is a credit balance on the Revaluation Reserve for the asset in question.

Pension Reserve

This is a negative pension reserve that reflects the IAS 19 pension liability.

Notes to the Accounts

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2009-10 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 for the purpose of giving a true and fair view has been selected. The particular policies adopted by the British Transport Police Authority for 2009-10 are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

These financial statements represent the Authority's first time adoption of IFRS; an explanation of the effect of transition is given in Note 2.

1.1 Accounting Conventions

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets and follow the requirements of the 2009-10 Government Financial Reporting Manual.

1.2 Non Current Assets

Non current assets includes improvements and capital works to leasehold buildings, plant and machinery, IT equipment, fixtures and fittings, and road vehicles required for the ongoing operations of the Force. These non current assets are restated to current value each year using the relevant modified historic costing indices from the Office for National Statistics(MM17) for the category of non current asset. All expenditure on the acquisition, creation or enhancement of tangible non current assets is capitalised, subject to a minimum monetary limit of £1,000, on an accruals basis in accordance with IAS16 Property, Plant and Equipment.

1.3 Intangible Assets

Purchased computer software and software licences are capitalised as intangible fixed assets where expenditure of £1,000 or more is incurred. Except where reliable evidence of current value cannot be readily ascertained, these are restated to current value each year. Software licences are amortised over the shorter of the term of the licence or the life of the software package, which is usually five years.

1.4 Assets Under Construction

Assets under construction includes vehicles and buildings under construction. These assets have been purchased but require essential modification before they are safe and fit for purpose. The vehicle cost includes both the original vehicle cost plus the cost of modification. Buildings under construction includes refurbishment costs for buildings held on operating leases that BTPA has yet to occupy.

1.5 Depreciation

Depreciation is provided on a straight-line basis over periods representing the estimated useful lives of assets. Depreciation begins at the start of the period following acquisition.

These useful economic lives are subject to review as appropriate. 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 – between 3 and 10 years

No depreciation is provided on assets under construction.

1.6 Disposals

Depreciation is charged on assets in accordance with BTPA's depreciation policy. Depreciation is charged up to the accounting period in which the asset is disposed. Any surplus or deficit is taken to the Income Statement.

1.7 Income

All income is accounted for by applying the accruals convention, and is recognised in the period in which the services are provided.

Core PSA income is statutory and therefore exempt from value added tax. All other income is regarded as business income for value added tax purposes.

1.8 Leases

The Authority has a number of operating leases in respect of property and office machinery. Expenditure under operating leases is charged to the Income Statement in the period in which it is incurred. The Authority currently holds no finance leases.

1.9 Grants

Capital grants used to acquire specific capital items are credited to a Government Grant Reserve. Other income is released into the Income Statement in line with the depreciation charged on the asset.

Capital grant in aid, revenue grants and revenue grant in aid received are treated as financing and credited to the General Reserve, because they are regarded as contributions from a controlling party in line with the requirements of the FReM.

1.10 Provisions

Provisions for liabilities and charges have been established in accordance with IAS37 Provisions, contingent liabilities and contingent assets and are based on reliable estimates of the expenditure required to settle future legal or constructive obligations that exist at 31 March 2010.

Provisions are charged to the Income Statement and are released when the transfer of economic benefit to settle the obligation has been made. The key provisions included in these accounts are for Professional Standards (previously Complaints and Discipline), Employment claims, Public/Employer Liability, and Dilapidations.

1.11 VAT

Value added tax is included in the accounts of the Authority, whether of a capital or revenue nature, only to the extent that it is irrecoverable. There is an exception in the case of business charges where VAT is charged and partially recovered in accordance with an agreed formula with HM Revenue and Customs.

1.12 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.

1.13 Inventories

Inventories is made up entirely of uniforms. The uniforms are stated at the lower of cost or net realisable value.

1.14 Research and Development

Research and development expenditure is written off in the year in which it is incurred.

1.15 Insurance

BTPA insures its activities by purchasing policies for motor vehicles and travel, professional indemnity, Directors' and Officers' liability, fidelity guarantee and natural damages and business interruption. The cost of repairs and claims for damages, are charged to the Income Statement as they occur. In the event of a material loss occurring BTPA will consult with the Secretary of State about the action to be taken.

1.16 Financial Instruments

BTPA has adopted IFRS 7 which requires disclosure in the financial statements which allows users to evaluate:

- a) The significance of financial instruments for the Authority's financial position and performance; and
- b) The nature and extent of risks arising from financial instruments to which the Authority is exposed during the year and at 31 March 2010 and how the Authority manages these risks.

Financial assets and liabilities are recognised on the Authority's Statement of Financial Position when the Authority becomes party to the contractual provisions of the instrument. Further details are shown in Note 9.

1.17 Provision for Bad and Doubtful Debts relating to PSA Charges

Where amounts are outstanding in respect of PSA charges - either as a result of the Judicial Review or otherwise - the likelihood of recovery actions being eventually successful will be reviewed in each case and taking account of the nature of the debt, the payment record of the debtor, whether they have been or are in dispute with the Authority and any other appropriate information a provision is made.

1.18 Capital Charge

A charge, reflecting the cost of capital utilised by the British Transport Police Authority, is included in the Income Statement. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities, except for:

- a) Property, plant and equipment and intangible assets where the cost of capital charge is based on opening values, adjusted pro rata for in-year:
 - additions at cost
 - disposals as valued in the opening statement of financial position (plus any subsequent capital expenditure prior to disposal)
 - impairments at the amount of the reduction of the opening statement of financial position value (plus any subsequent capital expenditure)
 - depreciation of the property, plant and equipment and amortisation of intangible assets;
- b) Donated assets, and cash balances with the Office of the Paymaster General, where the charge is nil.

In accordance with the Financial Reporting Manual, a charge/credit of 3.5% of net assets/liabilities is made to the surplus/deficit on ordinary activities before interest. Notional cost of capital is added back to determine retained surplus/deficit on ordinary activities after taxation.

1.19 Pensions

In compliance with HM Treasury guidelines these accounts comply with IAS19 Employee Benefits which requires a liability to be recognised for retirement benefits as they are earned, and not when they are due to be paid.

Before 1st July 2004 all past and present employees were covered either by the British Transport Police Force Superannuation Fund (BTPFSF) for police officers, which was established by deed; or the Railway Pension Scheme (RPS), a scheme set up by the Railway Pension Scheme Order (1994) for other staff.

After 1st July 2004 the employer for both sections became the British Transport Police Authority and Railway Pension Scheme members (current and past) were transferred from the British Rail section to the British Transport Police section of the Railways Pension Scheme.

From 1 April 2007 the BTPFSF established a new category where all new joiners were enrolled. The existing category was closed to all new members at this time.

All schemes are defined benefit schemes meaning that retirement benefits are determined independently of the investments of the scheme. Under the rules of the scheme contributions are made up in either the ratio of 1.5:1 between employer and member respectively for the old BTPFSF scheme, 2:1 for the new BTPFSF scheme, or in the ratio of 1.5:1 between employer and member respectively in regard to the RPS (previously 1.57:1 until 30 June 2009) .

2 First-time adoption of IFRS

	<u>General Reserve</u>	<u>Contingency Reserve</u>	<u>Grant Reserve</u>	<u>Revaluation Reserve</u>	<u>Pension Reserve</u>	<u>Total Reserve</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Taxpayers' equity at 31 March 2009 under UK GAAP	14,630	1,400	3,693	1,962	(292,110)	(270,425)
Adjustments for: IAS 19	(2,338)					(2,338)
Taxpayers' equity at 1 April 2009 under IFRS	<u>12,292</u>	<u>1,400</u>	<u>3,693</u>	<u>1,962</u>	<u>(292,110)</u>	<u>(272,763)</u>
Operating Deficit for 2008-09 under UK GAAP	(17,640)					
Adjustments for: IAS 19	(323)					
Operating Deficit for 2008-09 under IFRS	<u>(17,963)</u>					

BTPA's accounting policies have been reviewed to ensure they meet the requirements of IFRS. After this review it was judged that the only material net change required relates to the accrual of staff leave which amounts to £2,338,000.

3 Segmental Analysis

BTPA 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. Segmental analysis is therefore not appropriate.

4 Operating Income

Police Service Agreement Income is received from train operating companies and other organisations for policing and security services provided. It represents the value of services provided from the ordinary activities of the business during the year. Other income mainly comprises additional specific policing services required by train operating companies and other organisations.

	<u>2009-10</u>	<u>Restated 2008-09</u>
	<u>£000</u>	<u>£000</u>
Police Service Agreements income	199,046	189,541
Other income	69,358	66,179
Release from Grant Reserve	932	772
Total	<u>269,336</u>	<u>256,492</u>

5 Staff Numbers and Related Costs

Total staff costs consist of:

	2009-10 Total	Permanently Employed Staff Total	Temporary Employed Staff Total	Restated 2008-09 Total
	£000	£000	£000	£000
Salaries and Wages	173,048	168,531	4,517	166,188
Social Security Costs	13,696	13,696	0	13,297
Other Pension Costs	25,171	25,171	0	34,434
Sub-total	211,915	207,398	4,517	213,919
Less recoveries in respect of outward secondments	(1,169)	(1,169)	0	(946)
Total Staff costs	210,746	206,229	4,517	212,973

Between 1 April 2009 and 31 March 2010, contributions of £22.5 million (£20.5million for the year ended 31 March 2009) were paid to the Railway Pension Scheme and the British Transport Police Force Superannuation Fund (BTPFSF) at rates determined by the scheme's Actuary. Employer's contributions are currently 15.09% (+ BRASS matching) for the Railways Pension Scheme, 24% for the BTPFSF and 20% for the BTPFSF (new). Further details of the BTPA's pension schemes can be found in notes 26 and 27.

Eight employees retired early on ill-health grounds (15 persons for the year ended 31 March 2009); There were no additional accrued pension liabilities in the year ended 31 March 2010 (£3,731 for the year ended 31 March 2009).

Average number of persons employed

The average number of whole-time equivalent persons employed during the period was as follows.

	Police Officers	Police Community Service Officers	Police Staff	Period ending 2009-10 Total	2008-09 Total
Directly Employed	2,901	340	1,340	4,581	4,420
Other – Agency Staff	0	0	91	91	80
Staff engaged on capital projects	2,901	340	1,431	4,672	4,500

6 Other Expenditure

The operating surplus/(deficit) before interest and capital charges is stated after charging the following:

	2009-10 £000	Restated 2008-09 £000
Supplies and services: other staff costs	5,862	6,479
Supplies and services: communications and computers	11,225	10,578
Supplies and services: other	19,119	14,359
Rentals under operating leases	6,760	6,795
Premises (excluding rentals under operating leases)	8,092	7,522
Transport costs	4,768	5,697
Non-cash items		
Depreciation of Property, plant and equipment	8,315	6,359
Amortisation of Intangible assets	1,121	745
Loss on disposal of property, plant and equipment	236	1,524
Provision provided for in year	675	680
Bad Debt Write Offs	(155)	1
Total	66,018	60,739

During the year the British Transport Police Authority did not purchase any non-audit services from its auditor, The National Audit Office. Included in Supplies and Services: other is a charge of £130,000 for auditors remuneration for audit work.

7 Property, plant and equipment

	Leasehold Improvements	Plant and Machinery	Vehicles	Assets under Const- ruction – Motor Vehicles	Assets under Con- struction – Leasehold Improve- ments	Fixtures & Fittings	IT Equipment	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost								
At 1 April 2009	18,546	12,071	8,923	1,971	2,115	1,906	21,181	66,713
Additions	4,840	2,313	2,932	(611)	990	447	3,406	14,317
Transfer	(10)	0	0	0	0	0	10	0
Write off	(69)	0	0	0	0	0	0	(69)
Disposals	(108)	(430)	(1,552)	0	0	(128)	(373)	(2,591)
Revaluations	1,730	1,031	111	0	0	236	1,469	4,577
At 31 March 2010	24,929	14,985	10,414	1,360	3,105	2,461	25,693	82,947
Depreciation								
At 1 April 2009	3,974	7,772	4,517	0	0	940	13,897	31,100
Charge for the Period	1,628	1,479	1,758	0	0	363	3,087	8,315
Transfer	0	0	0	0	0	0	0	0
Write off	0	0	0	0	0	0	0	0
Disposals	(91)	(398)	(1,243)	0	0	(111)	(282)	(2,125)
Revaluations	(175)	684	67	0	0	156	410	1,142
At 31 March 2010	5,336	9,537	5,099	0	0	1,348	17,112	38,432
NBV at 31 March 2010	19,593	5,448	5,315	1,360	3,105	1,113	8,581	44,515
NBV at 31 March 2009	14,572	4,299	4,406	1,971	2,115	966	7,284	35,613
Asset Financing:								
Owned	19,593	5,448	5,315	1,360	3,105	1,113	8,581	44,515
NBV at 31 March 2010	19,593	5,448	5,315	1,360	3,105	1,113	8,581	44,515

	Leasehold Improvements	Plant and Machinery	Vehicles	Assets under Const- ruction – Motor Vehicles	Assets under Con- struction – Leasehold Improve- ments	Fixtures & Fittings	IT Equipment	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost								
At 1 April 2008	15,926	10,737	8,440	1,029	709	1,434	19,811	58,086
Additions	3,342	1,467	1,366	942	1,406	418	2,767	11,708
Transfer	0	0	0	0	0	0	0	0
Write off	(26)	0	104	0	0	0	0	78
Disposals	(1,475)	(578)	(1,098)	0	0	(27)	(525)	(3,703)
Revaluations	779	445	111	0	0	81	(872)	544
At 31 March 2009	18,546	12,071	8,923	1,971	2,115	1,906	21,181	66,713
Depreciation								
At 1 April 2008	3,446	6,582	3,962	0	0	635	12,304	26,929
Charge for the Period	647	1,340	1,415	0	0	270	2,687	6,359
Transfer	0	0	0	0	0	0	0	0
Write off	0	0	21	0	0	0	0	21
Disposals	(226)	(444)	(950)	0	0	(15)	(459)	(2,094)
Revaluations	107	294	69	0	0	50	(635)	(115)
At 31 March 2009	3,974	7,772	4,517	0	0	940	13,897	31,100
NBV at 31 March 2009	14,572	4,299	4,406	1,971	2,115	966	7,284	35,613
NBV at 31 March 2008	12,480	4,155	4,478	1,029	709	799	7,507	31,157
Asset Financing:								
Owned	14,572	4,299	4,406	1,971	2,115	966	7,284	35,613
NBV at 31 March 2009	14,572	4,299	4,406	1,971	2,115	966	7,284	35,613

Property, plant and equipment have been stated at current cost using the modified historic costing indices from the Office for National Statistics(MM17) for the category of fixed asset.

8 Intangible Non-Current Assets

Intangible assets comprise of software & software licences.

	Purchased Software Licences	Purchased Software	Total
	£000	£000	£000
Cost			
At 1 April 2009	2,740	2,537	5,277
Additions	950	790	1,740
Transfer	0	0	0
Write off	0	0	0
Disposals	(226)	(46)	(272)
At 31 March 2010	3,464	3,281	6,745
Depreciation			
At 1 April 2009	1,063	618	1,681
Charge for the Period	607	514	1,121
Transfer	0	0	0
Write off	0	0	0
Disposals	(192)	(43)	(235)
At 31 March 2010	1,478	1,089	2,567
NBV at 31 March 2010	1,986	2,192	4,178
NBV at 31 March 2009	1,677	1,919	3,596

	Purchased Software Licences	Purchased Software	Total
	£000	£000	£000
Cost			
At 1 April 2008	1,943	941	2,884
Additions	797	1,612	2,409
Transfer	0	0	0
Write off	0	0	0
Disposals	0	(16)	(16)
At 31 March 2009	2,740	2,537	5,277
Depreciation			
At 1 April 2008	613	328	941
Charge for the Period	450	295	745
Transfer	0	0	0
Write off	0	0	0
Disposals	0	(5)	(5)
At 31 March 2009	1,063	618	1,681
NBV at 31 March 2009	1,677	1,919	3,596
NBV at 31 March 2008	1,330	613	1,943

9 Financial Instruments

Because of the largely non-trading nature of its activities and the way in which BTPA is financed, the Authority is not exposed to the degree of financial risk faced by business entities. The Authority has very limited powers to borrow or invest surplus funds and 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 revenue and capital resource requirements are financed by resources from the Train Operating Companies, and other Government bodies. The Authority is not exposed to significant liquidity risks.

Interest Rate Risk

One hundred per cent of the Authority's financial assets and one hundred per cent of its financial liabilities carries nil or fixed rates of interest, and 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 as at 31 March 2010.

	Book Value	Fair Value
	£000	£000
Primary Financial Instruments:		
Financial Assets:		
Cash at Bank	35,657	35,657
Financial Liabilities:		
Provisions	2,512	2,512

10 Inventories

	31 March 2010	31 March 2009	1 April 2008
	£000	£000	£000
Uniforms			
Opening Balance	310	0	0
Additions	671	310	0
Utilisations	(597)	0	0
Closing Balance	<u>384</u>	<u>310</u>	<u>0</u>

11 Trade Receivables and other current assets

	31 March 2010	Restated 31 March 2009	Restated 1 April 2008
	£000	£000	£000
Amounts falling due within one year:			
Trade Receivables	25,767	58,253	30,883
PSA Receivable*	1,800	1,700	1,500
Other Receivables	1,347	868	877
Prepayments and accrued income	5,109	4,658	3,558
Less: Provision for Doubtful Debts	(229)	(229)	(230)
Provision for Bad and Doubtful Debts	(10,530)	(10,782)	(10,782)
Total	<u>23,264</u>	<u>54,468</u>	<u>25,806</u>

The debtors reflect the results of the Judicial Review

	31 March 2010	Restated 31 March 2009	Restated 1 April 2008
	£000	£000	£000
Amounts falling due after more than one year:			
PSA Receivable*	0	1,800	3,500
Other Receivables	0	0	0
Prepayments and accrued income	281	338	133
	<u>281</u>	<u>2,138</u>	<u>3,633</u>

*Reclaim of £10m deferred PSA charges for 2005-06 from the Train Operating Companies, repayable over four years starting in 2007-08.

Amounts in the above figures due to other entities included in the Whole of Government Account

	£000	£000
Other central government bodies	3,497	3,678
Local authorities	138	86
NHS bodies	0	0
Public corporations and trading funds	0	0
Intra-government debtors	3,635	3,764
Bodies external to government	19,910	52,842
	<u>23,545</u>	<u>56,606</u>

12 Cash and cash equivalents

	31 March 2010	31 March 2009	1 April 2008
	£000	£000	£000
Balance at 01 April	15,037	25,303	11,144
Net change in cash and cash equivalent balances	20,620	(10,266)	14,159
Balance at 31 March	35,657	15,037	25,303
The following balances at 31 March were held at:			
Office of HM Paymaster General	8,920	15,028	25,294
Commercial banks and cash in hand	26,737	9	9
Balance at 31 March	35,657	15,037	25,303

13 Trade Payables and other current liabilities

	31 March 2010	Restated 31 March 2009	Restated 1 April 2008
	£000	£000	£000
Amounts falling due within one year:			
Department for Transport Loan	1,798	1,700	1,500
Trade payables	71	594	1,201
Vat payable	242	384	508
Other Taxation & Social Security	3,981	4,047	4,216
London Underground Ltd	0	0	1,272
Other payables	21,872	46,660	31,556
Accruals & Deferred Income	19,853	19,330	16,518
Total	47,817	72,715	56,771
Amounts falling due after more than one year			
Department for Transport Loan	17,694	1,800	3,500
Other payables, accruals and deferred income	0	16,370	9,223
	17,694	18,170	12,723

Amounts in the above figures due to other entities included in the Whole of Government Account

	£000	£000
Other central government bodies	24,169	24,813
Local authorities	2	9
Public corporations and trading funds	0	1
Intra-government creditors	24,171	24,823
Bodies external to government	41,340	66,062
	65,511	90,885

14 Provisions for liabilities and charges

Provisions have been recognised within the accounts where:

- (i) The Fund has a present obligation (legal or constructive) as a result of a past event;
- (ii) it is probable that a transfer of economic benefits will be required to settle the obligation;
- (iii) a reliable estimate can be made of the amount of the obligation;
- (iv) subject to a case threshold of £50,000 (from 31 March 2009).

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at 31 March 2010.

	Claims		Dilapida- tions	Other Provisions	Total
	Against the Authority	Employment Tribunals			
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2008	503	685	850	0	2,038
Provided in the year	279	396	0	0	675
Provisions not required written back	(377)	(331)	(600)	0	(1,308)
Provisions utilised during the year	(121)	(354)	0	0	(475)
Balance at 1 April 2009	284	396	250	0	930
Provided in the year	367	947	0	563	1,877
Provisions not required written back	(214)	(58)	0	0	(272)
Provisions utilised during the year	(11)	(12)	0	0	(23)
Balance at 31 March 2010	426	1,273	250	563	2,512

The provisions for BTPA are all expected to be utilised by 31 March 2011.

Claims Against the Authority

This provision applies to claims made by employees of the Authority / Force, members of the public and third parties (for incidents arising from motor vehicle accidents), which are allegedly caused by the Authority's / Force's negligence and result in physical or mental injury, loss, damage or death. The provision is created based on information provided on a regular basis by professional in-house staff, claims advisers and solicitors and is the estimated cost of settlement including legal costs. This provision also applies to loss of or damage to property and equipment belonging to or occupied by the Authority, or for which they are responsible.

Employment Tribunals

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

Dilapidations

This provision applies to dilapidations of leasehold properties.

Other Provisions

This provision has been established based on the estimate of the Authority's share of the costs of the inquests into the 10 May 2002 train crash at Potters Bar and the 07 July 2005 London bombings.

15 Capital Commitments

Contracted capital commitments at 31 March 2010 for which no provision has been made:

	31 March 2010	31 March 2009	1 April 2008
	£000	£000	£000
Property, plant and equipment	1,790	1,010	143
Intangible assets	0	0	0
	1,790	1,010	143

As at 31 March 2010 there were four Capital Commitments totalling £1,790,000 relating to work yet to be started on properties at Brewery Road, Leeds, York and Newport.

16 Commitments under leases**16.1 Operating Leases**

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

A) Rentals under Operating Leases

	31 March 2010	31 March 2009	1 April 2008
	£000	£000	£000
Land and buildings	6,392	6,240	6,297
Plant and machinery	152	150	139
Total	6,544	6,390	6,436

B) Obligations under Operating Leases comprise:

	31 March 2010	Restated 31 March 2009	Restated 1 April 2008
	£000	£000	£000
Buildings:			
Expiry within 1 year	62	317	240
Expiry after 1 year but not more than 5 years	1,142	1,609	190
Expiry thereafter	75,783	65,476	64,602
	76,987	67,402	65,032
Other:			
Expiry within 1 year	0	0	0
Expiry after 1 year but not more than 5 years	0	0	0
Expiry thereafter	0	0	0
	0	0	0
Total Operating Lease obligations			
Expiry within 1 year	62	317	240
Expiry after 1 year but not more than 5 years	1,142	1,609	190
Expiry thereafter	75,783	65,476	64,602
	76,987	67,402	65,032

16.2 Finance Leases

BTPA has no leases that meet the definition of finance leases under IAS17.

17 Other Financial Commitments

BTPA did not enter into any non-cancellable contracts (which are not leases) during 2008-09 or 2009-10.

18 Contingent Liabilities disclosed under IAS 37

The BTPA has not entered into any unquantifiable contingent liabilities within the meaning of IAS 37.

19 Related Party Transactions

The Department for Transport as the Authority's sponsor is a related party, as is Network Rail with whom the Authority has a Police Service Agreement. Network Rail paid BTPA £82,925,199 in 2009-10 (£65,555,000 in 2008-09) and as at 31 March 2010 £304,684 was outstanding (£5,463,000 at 31 March 2009).

Due to its status as a national Police Force BTPA has received grants from the Home Office totalling £154,560 (£155,710 at 31 March 2009), which is regarded as a related party.

Due to the national nature of its work BTPA has dealings with many Police Forces working together on training and joint operations.

Six members of the Authority are drawn from organisations providing railway services. Therefore it follows that these members are employed by organisations that have contracts with the Authority. The corporate governance arrangements of the Authority require members to register financial and other interests and also to disclose personal or prejudicial interest where matters are discussed at meetings of the Authority.

Also, five members are drawn from a background which requires them to have an interest with people travelling on the railway.

20 London Underground Area

BTPA employs police officers who work in the London Underground Area ("L Area") of the Force. This arrangement is embodied within a formal written agreement between the SRA (the predecessor organisation for BTP) and London Underground Limited (LUL) entitled "For the Provision of Police Services by the British Transport Police for the London Underground", dated 27 May 2002. It remains in force until terminated at any time by either party requiring two years notice of the intention to do so.

Although the agreement was with both LUL and BTPA predecessor organisations, the agreement remains in form and substance and the obligations it contains are assigned to BTPA and TfL/LUL as successor organisations. It stipulates that LUL will indemnify BTPA for all reasonable costs associated with the delivery of police services.

The Chief Constable has legal authority for the Force, but the substance of this agreement is that LUL has operational control over the level of police services. Under the agreement BTPA recharges all payroll and other direct costs of providing the police service to LUL on a periodic basis. In addition the agreement provides for the recovery through the "Police Service Agreement" charging mechanism of an appropriate share of BTPA's overheads.

In 2009-10 staff costs relating to LUL were £44.0m (£43.6m for the year ended 31 March 2009). The average number of police officers and police staff employed on London Underground during 2009-10 was 956 (927 for the year ended 31 March 2009).

21 Third Party Assets

The Authority administers funds on behalf of third parties. Money held by the funds is not owned by the Authority and is not included in the Statement of Financial Position. 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 are below:

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.

The year end position of this account is as follows:

	31 March 2010	31 March 2009	1 April 2008
	£000	£000	£000
Opening Balance	78	98	73
Seizures Deposited	1	3	34
Monies paid Out	(10)	(24)	(12)
Interest Earned	0	1	3
Bank Charges Paid	(0)	(0)	(0)
Closing Balance	69	78	98

There were no uncleared cheques at 31 March 2010. There were no known outstanding lodgements.

British Transport Police Cash Seizures Account – Barclays

In accordance with the Proceeds of Crime Act 2002 BTPA Police Officers have the power to seize cash from suspects and hold the money until court proceedings have completed. The cash, with interest, is then either paid back to the defendant or paid over to the Home Office or other relevant authorities. As the cash is not the property of BTPA it does not form part of the Force's normal banking arrangements with the Paymaster General. As a result BTPA has set up a separate interest earning account with Barclays Bank Plc to manage cash seizures.

The year end position of this account is as follows:

	31 March 2010	31 March 2009	1 April 2008
	£000	£000	£000
Opening Balance	851	676	260
Seizures Deposited	505	499	682
Monies paid Out	(679)	(337)	(277)
Interest Earned	1	15	14
Bank Charges Paid	(2)	(2)	(3)
Monies Transferred to new bank account	(597)	0	0
Closing Balance	79	851	676

There were also uncleared cheques to the value of £34,488 at 31 March 2010. There were no known outstanding lodgements.

During the financial year BTPA transferred its banking operations to Royal Bank of Scotland (RBS) due to the impending closure of the Office of HM Paymaster General banking facility. BTPA took this opportunity to bring all its bank accounts under one bank. This led to BTPA opening a new cash seizure account. BTPA are now in the process of winding up the old Barclays account and has already transferred a large portion of the deposits to the new RBS cash seizures account.

British Transport Police Cash Seizures Account – RBS

In accordance with the Proceeds of Crime Act 2002 BTPA Police Officers have the power to seize cash from suspects and hold the money until court proceedings have completed. The cash, with interest is then either paid back to the defendant or paid over to the Home Office or other relevant authorities. As the cash is not the property of BTP it does not form part of the Force's normal banking arrangements. As a result BTPA operates a separate interest earning account with Royal Bank of Scotland to manage cash seizures.

The year end position of this account is as follows:

	31 March 2010	31 March 2009	1 April 2008
	£000	£000	£000
Opening Balance	0	0	0
Transfer from Barclays Seizure Account	597	0	0
Seizures Deposited	5	0	0
Monies paid Out	(47)	0	0
Interest Earned	0	0	0
Bank Charges Paid	0	0	0
Closing Balance	555	0	0

There were also uncleared cheques to the value of £24,420 at 31 March 2010. There were no known outstanding lodgements.

Also, as part of ongoing investigations BTPA, on occasion, holds sealed bags of seized cash. Monies are held in a safe, but the amounts involved are not always known.

22 Charges to Police Service Users

As a result of the Judicial Review the core PSA charges are based on two models which do not recover 100% of the Authority's net expenditure. However there is a formal agreement with the DfT to fund this gap.

23 Losses and Special Payments

Losses of £8,143,086 relating to failure to make adequate charges were incurred during the year. These relate to the Judicial Review and has been met in full by the DfT through Grant in Aid.

24 Post Statement of Financial Position Events

As at 31 March 2010 the Authority had loans outstanding from the Department for Transport of £17,694,000 relating to working capital and financial support provided primarily in relation to the impact of the Judicial Review. Since 31 March 2010, the Department has approved additional grants of £8,143,000 to offset some of these loans.

25 General Reserve

This comprises the Distributable Reserve, the Capital Financing Reserve, the Working Capital Reserve and a Reserve for the impact of the Judicial Review PSA Charges.

	Distributable Reserve	Revenue Financing Reserve	Capital Financing Reserve	Working Capital Reserve	PSA Charges Reserve	Total
	£000	£000	£000	£000	£000	£000
Opening balance (restated)	(10,833)	0	30,035	6,500	(13,410)	12,292
Retained profit/(loss) for the period	(32,587)	0	0	0	0	(32,587)
Cash Received from Debtor/Creditor previously written off	8	0	0	0	0	8
Transfer to / (from)	27,465	0	0	0	0	27,465
Indexation	627	0	0	0	0	627
Revenue Grant Received	0	15,806	0	0	0	15,806
Capital Grant in Aid Received	0	0	6,955	0	0	6,955
Amounts Repayable from / (to) DfT	0	0	138	0	0	138
PSA Holders' Disputes Movement	(13,410)	0	0	0	13,410	0
Release of Prior Year Bad Debts	0	0	0	0	0	0
Closing balance	(28,730)	15,806	37,128	6,500	0	30,704

26 Disclosure of Retirement Benefits

The pension costs associated with staff employed by the Authority during the year are £27.0m. This cost is partially offset by employer contributions of £24.5m and a net return on the pension fund of (£24.0m), leaving a net debit of pensions for the year of £26.5m. The total pension liabilities for all staff, past and present, is shown in the Statement of Financial Position. This amounts to £469.0m. HM Treasury have confirmed that the charge or credit to the Income Statement arising from IAS19 should be excluded from the calculation of the amount to be reclaimed from parties with Police Service Agreements with BTPA.

The fund participates in two pension schemes both of which schemes are the direct responsibility of BTPA: the British Transport Police Force Superannuation Fund (BTPFSF) for police officers and the British Transport Police Section of the Railways Pension Scheme for other staff. Both schemes cover present and past employees, and aim to be fully funded.

27 British Transport Police Force Superannuation Fund (BTPFSF)

The British Transport Police Force Superannuation Fund was established by a Trust Deed made on 30th December 1974 which amalgamated the British Transport Police Force Superannuation and Retirement Benefit Funds, which itself was established by a Trust Deed made on 1 September 1968, (the 1968 Section), and the British Transport Police Force Superannuation Fund 1970 Section, established by a Trust Deed on 5 April 1972 (the 1970 Section).

From 1 April 2007 the BTPFSF established a new category where all new joiners will be enrolled - hereafter known as BTPFSF (new). The existing category was closed to all new members at this time. The new category is a defined benefit scheme.

The employer contribution includes the benefit support contributions received by the Government.

The BTPFSF provides benefits on a "final salary" basis at the normal retirement age of 60. Benefits accrue at the rate of one-forti-fifth of pensionable for each year of service. In addition, a lump sum equivalent to one thirtieth of final average salary for every year of total membership is payable on retirement.

Members pay contributions of 16.0% of pensionable earnings and the employer pays one and a half times the employee contribution, being 24.0%. In addition the employer paid a deficit payment of 1.7% of the benefit outgoings for the 1970 contributory section of the BTPFSF for 3 years until April 2008.

The BTPFSF (new) provides benefits on a "final salary" basis at the normal retirement age of 60. Benefits accrue at the rate of one-seventieth of final average pensionable salary for each year (and number of days) of membership of the fund (to a maximum of thirty-five years). In addition, a tax-free lump sum equivalent to four seventieths of final average salary for every year (and number of days) of membership to the fund is payable on retirement.

Members pay contributions of 10.0% of pensionable earnings and the employer pays twice the employee contribution, being 20.0%.

The service cost has been calculated as the total cost (including BRASS contributions which are also included in the employer's contribution figure) less actual employee contributions. BRASS are additional voluntary contributions made by the employee.

Under the Trust Deed Regulations the pension fund is subject to an independent triennial actuarial valuation to determine each employer's contribution rate. An independent actuarial valuation is being carried out at 31 December 2009 by Towers Watson. The results are due to be finalised in December 2010: it is anticipated that contributions will need to change. The Authority uses Mercer Limited to provide the IAS19 valuation.

The employer's pension contributions for the previous four years were:

2006-07	19.3% of salaries.
2007-08	12.6% of salaries
2008-09	13.0% of salaries
2009-10	9.7% of salaries

The amounts recognised in the statement of financial position are as follows:

	31 March 2010	31 March 2009	1 April 2008
	£000	£000	£000
Present value of funded obligations	1,214,200	862,900	999,000
Fair value of plan assets	(788,300)	(592,400)	(829,800)
	<u>425,900</u>	<u>270,500</u>	<u>169,200</u>
Present value of unfunded obligations	–	–	–
Unrecognised actuarial gains (losses)	–	–	–
Unrecognised past service cost	–	–	–
Net liability	<u>425,900</u>	<u>270,500</u>	<u>169,200</u>
Amounts in the statement of financial position:			
liabilities	425,900	270,500	169,200
assets	–	–	–
Net liability	<u>425,900</u>	<u>270,500</u>	<u>169,200</u>

The amounts recognised in the income statement are as follows:

	31 March 2010	31 March 2009	1 April 2008
	£000	£000	£000
Current service cost	22,200	29,600	27,000
Interest on obligation	58,600	59,100	48,700
Expected return on plan assets	(36,300)	(60,000)	(63,100)
Net actuarial losses (gains) recognised in year	–	–	–
Past service cost	–	–	–
Losses (gains) on curtailments and settlements	–	–	–
Total pension cost recognised in the income statement	<u>44,500</u>	<u>28,700</u>	<u>12,600</u>
Actual return on plan assets	196,500	(233,400)	(38,000)

Changes in the present value of the defined benefit obligation are as follows:

	31 March 2010	31 March 2009	1 April 2008
	£000	£000	£000
Benefit obligation at beginning of year	862,900	999,000	898,100
Current service cost	22,200	29,600	27,000
Interest cost	58,600	59,100	48,700
Plan participants' contributions	12,000	11,300	10,900
Past service costs	-	-	-
Actuarial (gains)/losses	291,900	(201,400)	45,900
Losses (gains) on curtailments	-	-	-
Liabilities extinguished on settlements	-	-	-
Benefits paid (including expenses)	(33,400)	(34,700)	(31,600)
Effect of exchange rate changes	-	-	-
Benefit obligation at end of year	<u>1,214,200</u>	<u>862,900</u>	<u>999,000</u>
Analysis of defined benefit obligation			
Plans that are wholly or partly funded	1,214,200	862,900	999,000
Plans that are wholly unfunded	-	-	-
Total	<u>1,214,200</u>	<u>862,900</u>	<u>999,000</u>

Changes in the fair value of plan assets are as follows:

	31 March 2010	31 March 2009	1 April 2008
	£000	£000	£000
Fair value of plan assets at beginning of year	592,400	829,800	869,600
Expected return on plan assets	36,300	60,000	63,100
Actuarial gains/(losses)	160,200	(293,400)	(101,100)
Business combinations	-	-	-
Assets distributed on settlements	-	-	-
Employer contribution	18,800	17,400	16,900
Member contributions	12,000	11,300	10,900
Government support payments	2,000	2,000	2,000
Benefits paid (including expenses)	(33,400)	(34,700)	(31,600)
Effect of exchange rate changes	-	-	-
Fair value of plan assets at end of year	<u>788,300</u>	<u>592,400</u>	<u>829,800</u>

BTPA expects to contribute around £19.4 million to this pension scheme in the year ending 31 March 2011.

To develop the expected long-term rate of return on assets assumption, Mercers considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 7.26% assumption for the year ended 31 March 2008, 6.16% for the year ended 31 March 2009 and 6.60% for the year ended 31 March 2010.

The weighted average asset allocation at the year-end were as follows:

Asset Category	Plan assets at 31 March 2010	Plan assets at 31 March 2009	Plan assets at 1 April 2008
Equities	68.9%	64.1%	75.5%
Bonds	11.5%	13.1%	11.9%
Real Estate	8.6%	9.7%	6.8%
Other	9.0%	10.5%	3.6%
Allowance for Government Support Payments	2.0%	2.6%	2.2%
	100.0%	100.0%	100.0%

Principal actuarial assumptions as the end of the reporting period (expressed as weighted averages)

Weighted average assumptions used to determine benefit obligations at:	31 March 2010	31 March 2009	1 April 2008
Discount rate	5.70%	6.80%	5.90%
Rate of compensation increase	5.20%	4.80%	5.00%
<u>Weighted average assumptions used to determine net pension cost for the year ended:</u>	<u>31 March 2010</u>	<u>31 March 2009</u>	<u>1 April 2008</u>
Discount rate	6.80%	5.90%	5.40%
Expected long-term return on plan assets	6.16%	7.26%	7.30%
Rate of compensation increase	4.80%	5.00%	4.60%

Weighted average life expectancy for mortality tables used to determine benefit obligations at:

	31 March 2010	
	Male	Female
Member age 65 (current life expectancy)	19.4	21.7
Member age 45 (life expectancy at age 65)	22.3	24.4

Amounts for the current period and previous four periods are as follows:

	31 March 2010	31 March 2009	31 March 2008	31 March 2007	31 March 2006
	£000	£000	£000	£000	£000
Benefit obligation at the end of year	1,214,200	862,900	999,000	898,100	897,200
Fair value of plan assets at end of year	788,300	592,400	829,800	869,600	791,100
Surplus/(deficit)	(425,900)	(270,500)	(169,200)	(28,500)	(106,100)
Difference between expected and actual return on scheme assets:					
amount (£ '000)	160,200	(293,400)	(101,100)	20,300	110,600
percentage of scheme assets	20%	-50%	-12%	2%	14%
Experience gains and losses on scheme liabilities:					
amount (£ '000)	13,800	(2,000)	(35,800)	17,800	7,900
percentage of scheme liabilities	1%	0%	-4%	2%	1%

The actuarial update as at 31 March 2010 showed an increase in the shortfall from £270,500,000 to £425,900,000.

British Transport Police Section of the Railways Pension Scheme (BTPS)

The Railways Pension Scheme was established by the Railways Pension Scheme Order 1994 (SI No 1433). The British Transport Police Shared Cost Section of the Scheme was established on 1 July 2004 by a Deed of Establishment and Participation between the British Transport Police Authority (the "Participating Employer") and Railways Pension Trustee Company Limited as Trustee of the Scheme (the Trustee).

This fund is open to new members.

The BTPS provides benefits of a defined benefit "final salary" basis at the normal retirement age of 60. Benefits accrue at the rate of one-sixtieth of pensionable salary for each year of service. In addition, a lump sum equivalent to one fortieth of final pay for every year of total membership is payable on retirement.

Members pay contributions of 10.06 % of pensionable earnings (This was 9.2% up to 30 June 2009). The employer contribution is 15.09% + plus BRASS matching (This was 14.46% with no BRASS matching up to 30 June 2009).

The service cost has been calculated as the total cost (including BRASS contributions which are also included in the current employer's contribution figure) less actual employee contributions. BRASS are additional voluntary contributions made by the employee. Members are entitled to receive employer contributions matching their own contribution up to a set level. Prior to 01 July 2009 this was being met from the sections assets. Since 01 July 2009 the employer now contributes to BRASS matching for relevant schemes.

Under the Rules and Regulations the pension fund is subject to an independent triennial actuarial valuation to determine each employer's contribution rate. The Authority uses Mercer Limited to provide all the IAS19 valuation.

The employer's pension contributions for the previous four years were:

The employer's pension contributions for the two years from 2005-06 are nil, as the employer had a contribution holiday until 31 March 2007.

2007-08	2.7% of salaries
2008-09	3.1% of salaries
2009-10	2.3% of salaries

The amounts recognised in the statement of financial position are as follows:

	<u>31 March 2010</u>	<u>31 March 2009</u>	<u>1 April 2008</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>
Present value of funded obligations	92,400	53,600	60,100
Fair value of plan assets	(49,300)	(32,000)	(39,470)
	43,100	21,600	20,630
Present value of unfunded obligations	-	-	-
Unrecognised actuarial gains (losses)	-	-	-
Unrecognised past service cost	-	-	-
Net liability	<u>43,100</u>	<u>21,600</u>	<u>20,630</u>
Amounts in the statement of financial position:			
liabilities	43,100	21,600	20,630
assets	-	-	-
Net liability	<u>43,100</u>	<u>21,600</u>	<u>20,630</u>

The amounts recognised in the income statement are as follows:

	<u>31 March 2010</u>	<u>31 March 2009</u>	<u>1 April 2008</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>
Current service cost	4,800	6,600	5,100
Interest on obligation	3,800	3,700	2,300
Expected return on plan assets	(2,100)	(3,000)	(2,900)
Net actuarial losses (gains) recognised in year	-	-	-
Past service cost	-	-	-
Losses (gains) on curtailments and settlements	-	-	-
Total pension cost recognised in the income statement	<u>6,500</u>	<u>7,300</u>	<u>4,500</u>
Actual return on plan assets	12,200	(11,470)	(1,500)

Changes in the present value of the defined benefit obligation are as follows:

	31 March 2010	31 March 2009	1 April 2008
	£000	£000	£000
Benefit obligation at beginning of year	53,600	60,100	39,160
Current service cost	4,800	6,600	5,100
Interest cost	3,800	3,700	2,300
Plan participants' contributions	2,400	2,000	1,700
Past service costs	0	–	–
Actuarial (gains)/losses	28,800	(17,700)	12,640
Losses (gains) on curtailments	–	–	–
Liabilities extinguished on settlements	–	–	–
Benefits paid (including expenses)	(1,000)	(1,100)	(800)
Effect of exchange rate changes	–	–	–
Benefit obligation at end of year	92,400	53,600	60,100
Analysis of defined benefit obligation			
Plans that are wholly or partly funded	92,400	53,600	60,100
Plans that are wholly unfunded	–	–	–
Total	92,400	53,600	60,100

Changes in the fair value of plan assets are as follows:

	31 March 2010	31 March 2009	1 April 2008
	£000	£000	£000
Fair value of plan assets at beginning of year	32,000	39,470	37,460
Expected return on plan assets	2,100	3,000	2,900
Actuarial gains/(losses)	10,100	(14,470)	(4,400)
Business combinations	–	–	–
Assets distributed on settlements	–	–	–
Employer contribution	3,600	3,000	2,500
Employer BRASS matching contributions	100	100	110
Member contributions	2,400	2,000	1,700
Benefits paid (including expenses)	(1,000)	(1,100)	(800)
Effect of exchange rate changes	–	–	–
Fair value of plan assets at end of year	49,300	32,000	39,470

The company expects to contribute approximately £3.8 million to this pension scheme in the year ending 31 March 2011.

The weighted average asset allocation at the year-end were as follows:

<u>Asset Category</u>	Plan assets at 31 March 2010	Plan assets at 31 March 2009	Plan assets at 1 April 2008
Equities	75.6%	73.9%	74.1%
Bonds	5.7%	5.1%	5.4%
Real Estate	8.6%	8.9%	9.3%
Other	10.1%	12.1%	11.2%
	100.0%	100.0%	100.0%

Principal actuarial assumptions as the end of the reporting period (expressed as weighted averages)

<u>Weighted average assumptions used to determine benefit obligations at:</u>	31 March 2010	31 March 2009	1 April 2008
Discount rate	5.70%	6.80%	5.90%
Rate of compensation increase	5.20%	4.80%	5.00%

<u>Weighted average assumptions used to determine net pension cost for the year ended:</u>	<u>31 March 2010</u>	<u>31 March 2009</u>	<u>1 April 2008</u>
Discount rate	6.80%	5.90%	5.40%
Expected long-term return on plan assets	6.22%	7.26%	7.30%
Rate of compensation increase	4.80%	5.00%	4.60%

<u>Weighted average life expectancy for mortality tables used to determine benefit obligations at:</u>	<u>31 March 2010</u>	<u>31 March 2009</u>	<u>1 April 2008</u>
Male age 65 (current life expectancy)			
Pension under £8,500 pa or pensionable pay under £30,000 pa	19.8	19.8	17.3
Others	21.5	21.5	17.3
Male age 45 (life expectancy at age 65)			
Pension under £8,500 pa or pensionable pay under £30,000 pa	22.2	22.2	17.3
Others	23.7	23.7	17.3
Female age 65 (current life expectancy)			
Pension under £3,000 pa or pensionable pay under £30,000 pa	21.7	21.7	19.5
Others	22.7	22.7	19.5
Female age 45 (life expectancy at age 65)			
Pension under £3,000 pa or pensionable pay under £30,000 pa	23.2	23.2	19.5
Others	24.2	24.2	19.5

At 31 March 2008, an implicit allowance was made for improvements in mortality by means of 0.25% reduction in the discount rate plus a reserve to reflect the expected revisions to the mortality tables to be adopted following the formal actuarial valuation as at 31 December 2007.

To develop the expected long-term rate of return on assets assumption, Mercers considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 7.23% assumption for the year ended 31 March 2008, 6.22% for the year ended 31 March 2009 and 6.71% for the year ended 31 March 2010.

Amounts for the current period and previous four periods are as follows:

	<u>31 March 2010</u>	<u>31 March 2009</u>	<u>31 March 2008</u>	<u>31 March 2007</u>	<u>31 March 2006</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Benefit obligation at the end of year	92,400	53,600	60,100	39,160	35,680
Fair value of plan assets at end of year	49,300	32,000	39,470	37,460	32,430
Surplus/(deficit)	(43,100)	(21,600)	(20,630)	(1,700)	(3,250)
Difference between expected and actual return on scheme assets:					
amount (£ '000)	10,100	(14,470)	(4,400)	1,300	5,000
percentage of scheme assets	20%	-45%	-11%	3%	15%
Experience gains and losses on scheme liabilities:					
amount (£ '000)	(100)	800	(8,570)	630	560
percentage of scheme liabilities	0%	1%	-1%	2%	2%

The actuarial update as at 31 March 2010 showed an increase in the shortfall from £21,610,000 to £43,100,000.

28 Capital Financing Reserve – Prior Year Adjustment

To provide the Authority with the cash necessary to purchase non current assets, the Department for Transport has provided capital grants to the Authority since its inception. The Financial Memorandum agreed with between the Department and the Authority in 2004 also required the Authority to make repayments to the Department in respect of associated depreciation charges. No such payments had been made.

The Department and the Authority have agreed that £16.37 million is payable to the Department on balances due as at 31 March 2009. The opening balance on the Capital Financing Reserve has been restated to reflect this liability and the opening balance on other payables, accruals and deferred income has also been restated. The total amount remained unpaid as at 31 March 2010 and is therefore reflected within other payables, accruals and deferred income as at 31 March 2010.



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