



British Transport Police Fund

Annual Report and Accounts

for the year ending 31 March 2016

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and Transport Safety Act 2003

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1 Performance report

Performance overview

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Chair and Chief Executive statement

This report and accounts sets out how the British Transport Police (BTP) has applied the funding provided by the rail industry to deliver operational performance against its plans and objectives for 2015/16.

Against a backdrop of increasing passenger numbers, an evolving terrorist threat, and a continued focus on delivering efficiencies, the British Transport Police Authority (BTPA) can report good progress in most areas. We measure ourselves against the extremely challenging targets set in 2013 as part of a six-year strategy aligned to that of the rail industry, and as we approach the mid-point of this plan we are pleased with the progress made to address passenger confidence. Notifiable crimes increased in the last year, but there are still fewer than at the beginning of the six year period and we believe that the increase was in part due to high profile campaigns such as 'Report it to stop it' – designed to focus attention on sexual assault through improved reporting. We have struggled to reduce disruption but we have made significant progress in partnership working with the rail industry – essential to mitigate the impact of disruptive events such as suicides and non-suspicious fatalities.

Operational capability was enhanced by the introduction of improved crime and intelligence systems. The year ahead will see further progress with the introduction of body-worn video and mobile capability together with a case and custody system integrated with the new crime and intelligence and

the soon to be implemented command and control systems. Our counter-terrorism capability has been enhanced through further recruitment, training and new equipment, and exercises have been regularly conducted with other emergency services and partner agencies. The training of police officers, sergeants and inspectors has been reviewed and new courses developed to improve officers' ability to prevent crime and lead others.

The Authority places a great emphasis on the maintenance of an efficient and effective Force, governed appropriately. During the year improvement actions have been implemented in areas of corporate function where weaknesses were identified, and appropriate resource and monitoring has now been applied. Further detail on these actions is provided in the Governance statement. We continue to deliver our services within a budgetary envelope that limits cost increases to within RPI.

The Authority has welcomed the Rt. Hon. Esther McVey as Chairman in November 2015, succeeding Millie Banerjee CBE – who served in the role for six years and contributed to a significant improvement in performance, efficiency and our relationship with industry.

All of us at the Authority recognise that our achievements would not be possible without the efforts of a committed workforce, supportive customers and constructive partners – thank you for your continuing support.



Rt Hon Esther McVey
Chair



Andrew Figgures CB CBE
Chief Executive

Strategic overview

Who we are

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

Our vision

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

What we do – our mission

We are the independent body responsible for overseeing the work of the British Transport Police (BTP) – the national dedicated police force for the railways. Our mission is to protect and serve the railway environment and its community, keeping levels of disruption, crime and fear of crime as low as possible whilst demonstrating value for money.

There are fifteen members of the Police Authority who provide knowledge and experience of the issues that concern passengers, the railway industry and railway employees. They meet six times a year to set BTP targets, monitor its operations and allocate funds for its budget, which is done after wide consultation with the force, passengers and our rail partners.

Our ambition and objectives

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

Keep transport systems running

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

Ensure a safe and secure railway

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

Promote confidence in use of railway

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

Deliver value for money

- Achieve the targets above within a Medium Term Financial Plan with annual cost increases within RPI (Retail Prices Index).



It is a real pleasure to be Chair of the organisation that oversees the country's only national police force dedicated to the safety of our railways and working with a team focused on making this happen."

Chair Esther McVey



20%

Reduce crime

20%

Reduce disruption

10%

Increase confidence



Deliver value for money

* Outturn figure was 117,730 lost minutes, to be measured in customer hours for TfL and LUL.

** Outturn figure was 50,081 crimes.

***To be measured via the spring 2013 National Passenger Survey which had confidence at 75.2% and a measure agreed with TfL and London Underground.

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

The principal risks and uncertainties facing the BTPA are reviewed on a regular basis, and a snapshot of those current at the end of 2015/16 financial year are as follows:

Risk / Uncertainty	Mitigation tactics
Failure to defeat a terrorist attack on the railway	
<p>Potentially arising from:</p> <ul style="list-style-type: none"> • Changing nature of terrorist threats. • Inadequate capacity and capability. 	<ul style="list-style-type: none"> • Increase in counter-terrorist (CT) resourcing and activity. • Exercising and testing of CT capability. • Integration into the wider CT community.
Failure to engage with external developments	
<p>Potentially arising from:</p> <ul style="list-style-type: none"> • Smith Commission proposals for the devolution of BTP activities in Scotland. • Infrastructure policing changes. • Implementation by Home Office of Emergency Services Mobile Communications Technology. 	<ul style="list-style-type: none"> • Active engagement with external initiatives. • Vigorous impact assessments and early communication of potential impacts to DfT, wider government and other stakeholders. • Elevation of risks where necessary. • Horizon scanning to identify potential threats and opportunities and their implications.
Loss of stakeholder confidence	
<p>Potentially arising from:</p> <ul style="list-style-type: none"> • Failure to achieve strategic objectives. • Arrangements for charging the industry. • Adverse publicity. 	<ul style="list-style-type: none"> • Active stakeholder engagement and consultation on plans, priorities, targets and, where appropriate, charging arrangements. • Continue to conduct and act on passenger and stakeholder surveys. • Early and regular communication to the industry of charges. • Develop media handling plans for potential areas of adverse publicity.
Failure to deliver transformation benefits and embed necessary changes	
<p>Potentially arising from:</p> <ul style="list-style-type: none"> • Scale and complexity of transformation requirements. • Failure to change workforce and leadership behaviours, or achieve 'buy in' to new requirements. • Weaknesses in programme and project management. • Failure of suppliers to perform contract. 	<ul style="list-style-type: none"> • Ensure Force and Authority-level decisions on change priorities are a key part of the planning process. • Maintain a strong focus on driving and embedding cultural change. • Increasing portfolio, programme and project management capacity, capability and discipline. • Ensuring contract management is of the highest standard.

“The identification, evaluation, management and monitoring of the most significant risks is the responsibility of the Authority.”

Risk / Uncertainty	Mitigation tactics
Non-compliance with the management of police information requirements and the Data Protection Act 1998	
<p>Potentially arising from:</p> <ul style="list-style-type: none"> • Inadequate information management strategy and supporting records management policies and processes. • Non-compliance with current internal policies and processes. 	<ul style="list-style-type: none"> • Completion of Operation Canberra – recovery plan to ensure paper records are digitally captured and stored. • Overhaul of information management approach including a review of the strategy, policies and procedures and their application. • Strengthened governance via the Information Management Board.
Failure in employer’s duty of care	
<p>Potentially arising from:</p> <ul style="list-style-type: none"> • Weaknesses in health and safety arrangements and overarching governance. • Reactive safety and wellbeing function. • Insufficient Occupational Health (OH) provision owing to national shortage of OH advisors. 	<ul style="list-style-type: none"> • Review of health and safety policy and practice. • Strengthened governance to ensure compliance with internal policy. • Occupational health provision through use of agency staff. • Delivery of annual plan and audit programme for health and safety. • Proactive focus on safety and wellbeing of employees.
Inability to demonstrate efficiency and effectiveness	
<p>Potentially arising from:</p> <ul style="list-style-type: none"> • Inability to achieve strategic objectives and targets because of significant elements being outside of BTP control. • Inconsistent workforce planning practices. • Failure to collaborate with other Forces. • Lack of planning for efficiency. • Lack of tracking benefit realisation. • Weaknesses in back office processes and controls. 	<ul style="list-style-type: none"> • Active engagement to let stakeholders know about the efforts being taken to meet our targets. • Implementation of crime and demand reviews. • Development and implementation of efficiency plans and challenge processes, including identifying collaboration opportunities. • Completion of financial transformation programme. • Maintain strong focus on benefits realisation through portfolio, programme and project management arrangements.

Performance summary

7.53 Days /Year 

Ready for duty

BTP continues to have one of the lowest sickness rates of all police forces in England and Wales (at 7.53 days per year) absence per employee.



Partnership progress

BTP has embedded staff at Network Rail this year to lead the joint police/industry response to tackling the causes of disruption and delays.



Passenger growth

Last year there were over 1.6 billion passenger journeys on the railways in Britain,* the highest ever recorded figure, despite this, the chances of being a victim of crime on the railway has fallen from 27.4 crimes per million passenger journeys in 2012/13 to just 22.6 in 2015/16.



Right place, right time

10% reduction in crime across major hub stations thanks to Operation Trafalgar, an evidenced-based approach to policing which ensures officers are in the right place at the right time.



Justice for victims

A centralised team to improve BTP's success in criminal justice prosecutions and deliver justice for victims was set up, saving £140,000.

*Based on ORR figures.



Recorded crime

BTPA approved funding of £3.33 million over a five-year period for the national roll out of body worn cameras.



Mobile solutions

270 handheld tablets deployed force wide giving senior officers live access to key police systems no matter where they are.



Making it easier to report crime

'Text 61016' and 'Report it to stop it', were two highly successful campaigns resulting in thousands of additional reports of crimes and incidents during 2015/16. Reports were up by 12,586 on last year.

£800,000 saving 

Efficiency savings

£800,000 of future costs saved following a review of BTP estates.



1,269

Life-saving interventions by BTP and others.



Keeping violent crime off the railway

The risk of violent crime remains low with fewer than 5 crimes per million passenger journeys even though the number of passengers on the railway has continued to grow.



Online security

Team set up to tackle cybercrime on the rail network.

Full details on BTP’s performance can be found in the Performance analysis section.

The below table summarises the achievement of our strategic objectives:

Objective	Commentary
Reduce crime	
Reduce notifiable crime by at least 3% ✗ (result – 6% increase)	Although crime is up on the rail network BTP’s increase was lower than the national crime average. A number of successful policing initiatives saw more crimes being reported which contributed to this rise. The risk of being a victim of crime on the railway remains very low with fewer than 23 crimes per million passenger journeys on the overground in 2015/16 and fewer than 8 crimes per million passenger journeys on the underground.
Reduce violence against the person by at least 10% ✗ (result – 21.7% increase)	The chance of becoming a victim of violent crime is incredibly low with fewer than 5 violent crimes per million passenger journeys on the overground in 2015/16 and 2 on the underground. This target is a priority for BTP, as a result, reporting has increased and victims are being better supported.
Reduce disruption	
Achieve at least a 7% reduction in total-police related lost minutes ✗ (result – 8% increase)	A national increase in fatalities contributed to delays on the railways despite over 1000 lifesaving interventions by BTP. Partnership working resulted in much progress in tackling disruption and improvements should be realised next year. In 2015/16 primary lost minutes increased by 3% – these are the minutes that BTP has direct influence on. Reactionary delay, all disruption after the initial event, increased by 11% over the same period.
Increase confidence	
Achieve at least a 78.8% National Rail Passenger Security (NRPS) confidence rating for passengers ✗ (result not achieved – 2% point increase)	Following successive increases in satisfaction with personal security since the start of the strategy the Spring 2016 wave of the National Rail Passenger Survey unexpectedly revealed a downturn in satisfaction along with a range of other customer experience factors on which passengers’ opinions were sought.
Increase passenger confidence at the 20 lowest confidence stations ✓ (result – achieved)	
Achieve at least a 67.7% confidence rating for staff	The final result for 2015/16 will be available following publication of the BTP rail staff survey in July.
Deliver value for money	
Achieve fewer than 7.3 days sickness absence per employee ✗ (result – 7.53 days)	Although BTP’s sickness rate has risen slightly this year it still has one of the lowest sickness rates of any force in England and Wales.
Other commitments	
Year 1 safeguarding strategy	All planned actions completed.
Year 1 cybercrime resilience	All planned actions completed.



Financial performance

The net deficit for the financial year was £63.4 million (2014/15: £25.9 million), £56 million (2014/15: £28.95 million) of which relates to an IAS 19: Employee Benefits pensions (“IAS 19”) accounting adjustment. The result excluding the IAS19 adjustment is therefore £7.4 million deficit (2014/15 restated: surplus £3.1 million). Much of this deficit has arisen as a result of an accounts clean up exercise including applying more prudent accounting judgements and estimates. Also, while the outcome of these judgements and estimates were not sufficiently material to be processed as prior year adjustments, a large proportion should have been included in previous years’ results.

An extensive review of non-current assets has taken place resulting in a write down of assets. This write down has been accounted for as a prior period adjustment to allow for better comparability between year-end results.

Going concern

The negative equity reported arises because of the Authority’s substantial net liabilities relating to defined benefit pension schemes. As disclosed in

Note 25 and the Directors’ report, contributions to the schemes are based on periodic actuarial valuations, including contributions for any past service deficit. The income receivable under Public Service Agreements (“PSAs”) and from Transport for London is calculated to include such contributions. After excluding IAS19 adjustments a deficit remains, however this relates predominantly to a non-recurrent clean up exercise and therefore there is no basis for anticipating a similar position in subsequent years.

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

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

Operational analysis

Introduction

This section sets out activities, achievements and challenges in 2015/16, as defined by our strategic and annual operational objectives. In 2013 the Authority's strategic plan set out our ambition to make a step change in the quality and efficiency with which we deliver our policing services. This translates into the following key objectives for 2019:

- Reduce crime on the railway by at least 20%.
- Reduce minutes lost to police-related disruption by at least 20%.
- Increase passengers and staff confidence by at least 10%.
- Deliver value for money.

We developed these priorities with a wide range of stakeholders ahead of the launch of our strategic plan in 2013/14. Our stakeholders confirmed that these priorities remained relevant for the business year 2015/16 and formed the basis on which we developed our operational objectives or targets.

In 2015/16, progress against the four strategic objectives was primarily driven by a suite of national targets captured in our policing plan, these were:

Objective 1 A safe and secure railway	Objective 2 Keep transport systems running	Objective 3 Increase confidence	Objective 4 Deliver value for money
Reduce notifiable crime by 3%.	Reduce total police related lost minutes by 7%.	Achieve a passenger confidence score of at least 78.8%.	Average days lost to sickness absence per employee to less than 7.3 days.
Reduce violence offences by at least 10%.		Achieve a staff confidence score of at least 67.7%.	
	Increase passenger confidence at 20 lowest scoring stations as measured by the NRPS.		

Other commitments to be delivered:

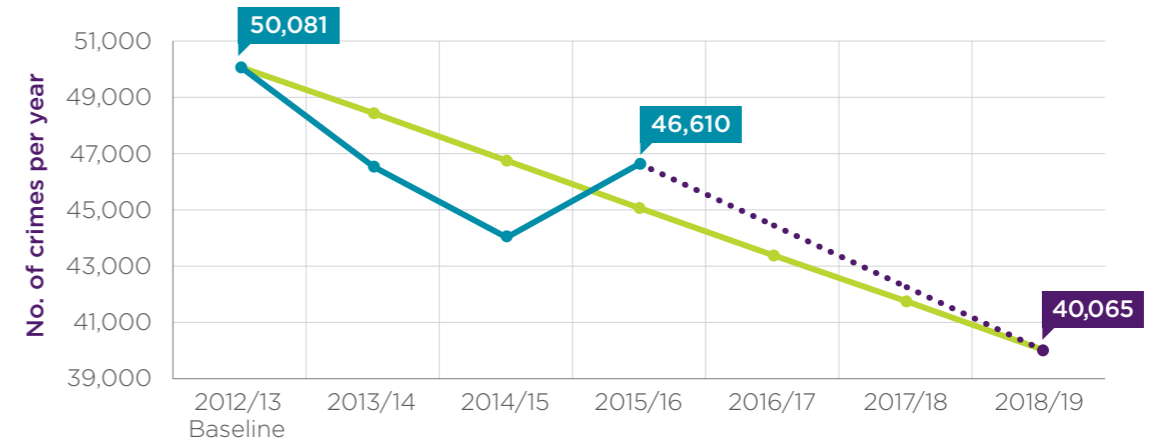
Year 1 – Safeguarding strategy Year 1 – Cyber strategy

Long term trends

At year-end 2015/16 the following progress had been made against the first three strategic objectives:

1

Reduce crime by 20% by 2019



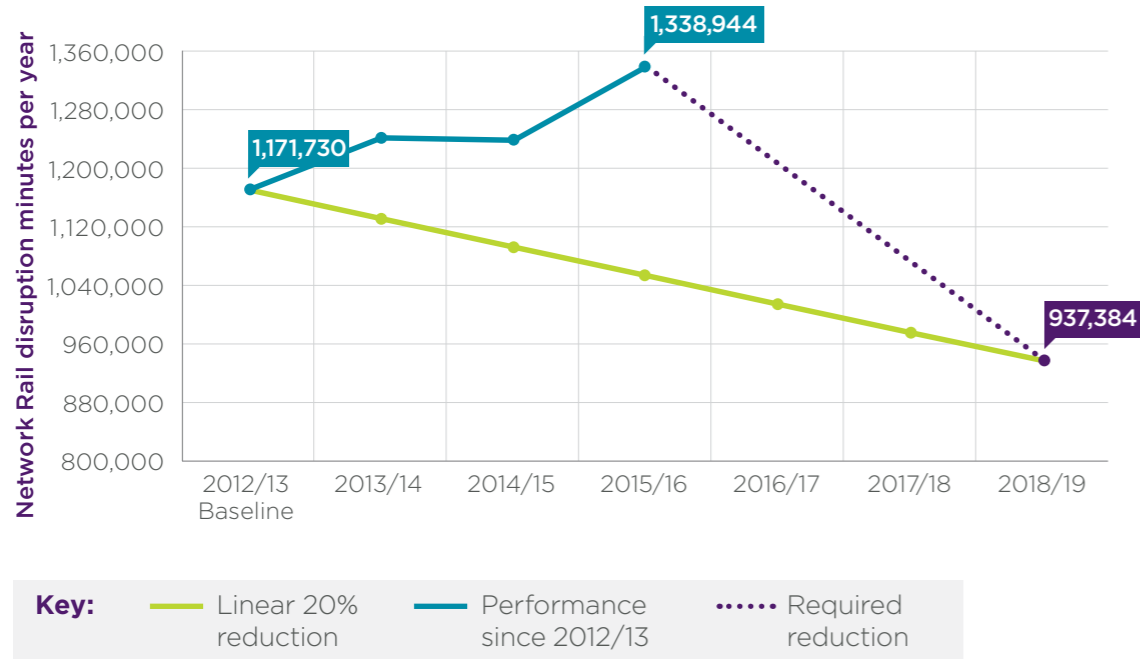
Key: — Linear 20% reduction — Performance since 2012/13 Required reduction

Our challenges and achievements:

- Although crime was up by 6% in 2015/16 we may still meet our strategic objective by 2018/19. This is the first increase of crime on the railway for 11 years, and one of the factors behind this year's figures has been a number of proactive and successful initiatives to encourage reporting of crime and antisocial behaviour.
- Despite passenger numbers being up the chances of becoming a victim of crime on the railway is still very rare at just 22.6 crimes per million passenger journeys* much lower than in 2012/13, just before we started our strategy, when there were 27.4 crimes per million passenger journeys.

*Based on ORR passenger journeys data.

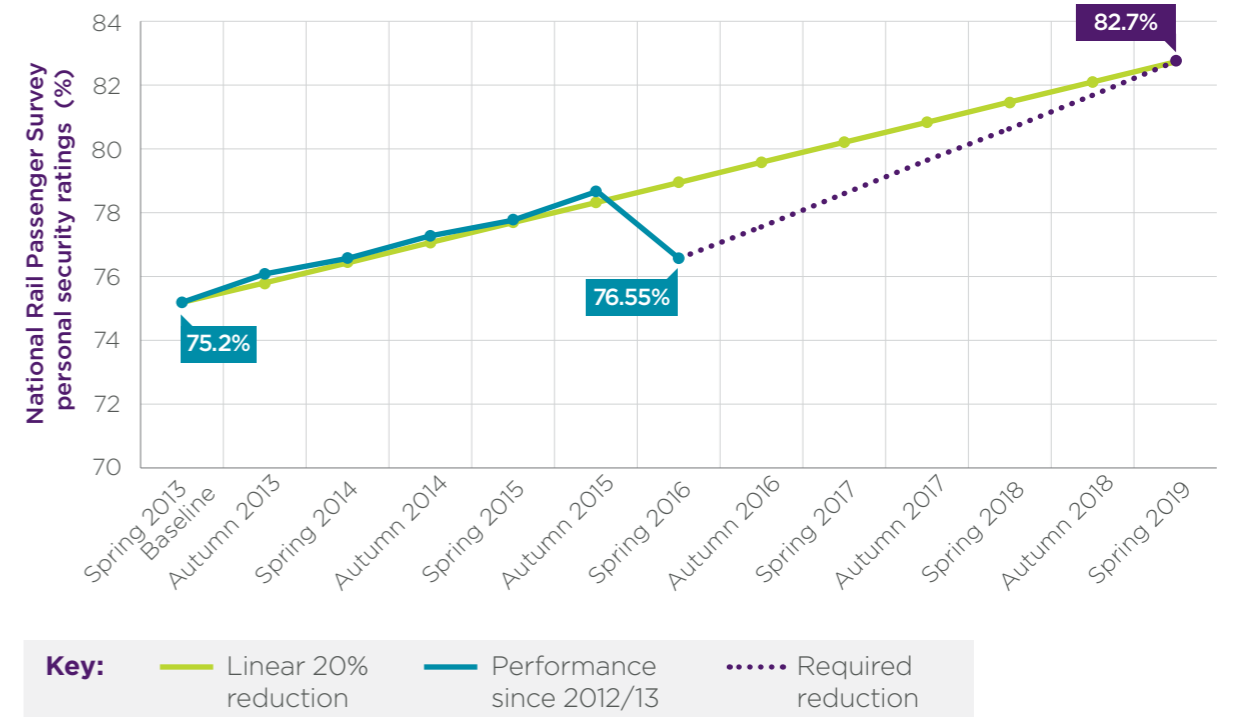
2 Reduce disruption by 20% by 2019



Our challenges and achievements:

- Overall, disruption on the railway which is affected by police activity was up by 8% in 2015/16 and has risen steadily. Although primary disruption minutes, those over which BTP has most influence were up 3%, and reactionary minutes after the initial incident is resolved, were up 11%. We now require a 30% reduction by the end of 2018/19 to meet this strategic objective.
- The rail network has got busier in every year since the strategy was launched meaning that each disruptive event now accrues more delay minutes.
- BTP has embedded staff at Network Rail this year to lead a joint police/industry response to tackling the causes of disruption and minimising disruption when it does happen.

3 Increase passenger confidence by 10% by 2019



Our challenges and achievements:

- Having secured increases in satisfaction with personal security in each of the National Rail Passenger Surveys since the start of the strategy, the spring 2016 results (after 2016) saw an unexpected decrease both on train and at station. This reflects an overall downturn in satisfaction across the other factors measured by the survey.
- BTP remains committed to better understanding the factors which should improve passenger confidence in order to pursue this strategic target.

4 Deliver value for money



- We will have delivered policing services in 2015/16 within our price promise to not increase the Force's budget by more than inflation (RPI).
- BTP narrowly missed its sickness target in 2015/16 recording an average of 7.53 days sickness per employee against a target of 7.3 days. However BTP continues to have one of the lowest sickness rates for all police forces in England and Wales and has kept a focus on sickness to ensure that as many staff are at work and available for duty as possible.

Overview

Three of our four strategic objectives remain achievable but our challenges have increased significantly.


Current year performance

In order to achieve the planned annual progress required to meet our strategic objectives, the Authority also issued the following performance improvement targets at a national level – these were supported by complementary local delivery plans in each of our operational subdivisions.

Target	Target achieved?	Commentary
Reduce crime		
Reduce notifiable crime by at least 3%	No 6% increase	<ul style="list-style-type: none"> While overall notifiable crime on the railway increased by 6% in 2015/16, meaning BTP missed this national target, this result does not reflect the full context for BTP’s operational performance over the last 12 months. BTP ran two initiatives during the year which are likely to have encouraged more people to report crime – text 61016 and Report it/to stop it – meaning that thousands of additional reports of crimes and incidents were received during 2015/16 (up from 8,433 in 2014/15, to 21,019 in 2015/16). Operation Trafalgar – a new intelligence based deployment model placed officers on regular patrols in areas of highest recorded crime. Serious public disorder – another key area of concern for passengers and staff was also down 8%. <p> Although crime is up on the rail network, one of the contributing factors was a number of successful policing initiatives which saw more crimes being reported.</p>
Reduce violence against the person by at least 10%	No 21.7% increase	<ul style="list-style-type: none"> While overall crimes categorised as ‘violence against the person’ rose by 22%, meaning BTP missed this target – the risk of violent crime remains low even though the number of passengers on the railway has continued to grow with fewer than 5 violent crimes per million passenger journeys on the overground and 2 on the underground in 2015/16. Operation Guardian in London and the nationwide ‘Report it to stop it’ campaign encouraged victims and witnesses to report sexual offences that may previously have gone unrecorded. BTP recorded an additional 39% of related crimes in 2015/16. This has helped the Force build a better picture of crime patterns and offender behaviour and victims of crime were referred to the relevant support agencies. Operation Stronghold, which targets violent crime and anti-social behaviour on the railway, has also been in operation this year at hub locations and aims to reduce violence, crimes of staff assault and anti-social behaviour. <p> The chance of becoming a victim of violent crime is incredibly low. This target is a priority for BTP resulting in increased reporting and better support for victims.</p>

*Excludes police generated

Target	Target achieved?	Commentary
Reduce disruption		
Achieve at least a 7% reduction in total-police related lost minutes	No 8% increase	<ul style="list-style-type: none"> This target was missed with an in-year increase of 8% in total disruption minutes. The first month of 2015/16 saw a large increase in the number of disruption minutes due to an increase in fatalities, but BTP achieved significant improvement by the end of the year. Primary minutes, which are those BTP has the most direct influence over, were up by only 3% compared with the overall increase of 8%. This year BTP initiated an extensive partnership programme with the rail industry, and Network Rail in particular, to tackle the causes of police related rail disruption both in terms of preventing incidents from occurring and responding more efficiently when they do happen. We expect the partnership programme launched in 2015/16 to deliver substantial improvements in 2016/17 and beyond. 1,269 life-saving interventions by BTP and others. <p> A national increase in fatalities contributed to delays on the railways despite over 1,000 lifesaving interventions by BTP, the rail industry and members of the public. Partnership working led to significant progress in tackling disruption and improvements should be realised next year. Between 1st April 2015 and 31st March 2016 there have been 305 suspected suicides and 84 attempted suicides across the UK rail network...</p> <div data-bbox="2151 1501 2878 2026"> <p>...but there have been 1,269 life-saving interventions made by BTP and others.</p> </div>


Target	Target achieved?	Commentary
Increase confidence		
Achieve at least a 78.8% National Rail Passenger Survey (NRPS) confidence rating for passengers	No	The National Rail Passenger Survey (NRPS) measure for personal security fell for the first time since the start of the strategic plan, following 2 years of increases.
Achieve at least a 67.7% confidence rating for staff	TBC	The final result for 2015/16 will be available following publication of the BTP rail staff survey in July.
Increase passenger confidence at the 20 lowest confidence stations	Achieved	BTP selected the 20 lowest scoring stations using NRPS data and local surveys to understand factors impacting on confidence. As a result BTP saw an increase in aggregate confidence levels across these stations.
Deliver value for money		
Achieve fewer than 7.3 days sickness absence per employee	No 7.53 days	<p>The Force has focused this year on a range of initiatives to ensure as many resources as possible are deployed on patrols where passengers and staff want to see them most. One way of making sure staff are available for duty is to ensure levels of sickness absence are as low as possible.</p> <p> Although BTP's sickness rate has risen slightly this year it still has one of the lowest sickness rates of any Force in England and Wales.</p>
Other commitments		
Year 1 safeguarding strategy	Yes	<p>Safeguarding: while having different responsibilities to Home Office forces, the Authority recognises that BTP comes into contact with many vulnerable people on the railway every day. To make sure these people were identified and directed to the support they needed the Authority funded additional resources for BTP to form a safeguarding team and railway strategy. The main activities completed this year were:</p> <ul style="list-style-type: none"> • a strategy was developed and published; • a central team was set up to oversee all serious case reviews; • a safeguarding governance structure was introduced; • new ways of working were designed including partnership initiatives with the industry and the charity Railway Children.



Target	Target achieved?	Commentary
Year 1 cybercrime resilience	Yes	<p>Cybercrime: Requiring a different approach for the railway, BTP committed to developing a cyber-strategy this year to better understand the unique threats to the railway. The main tasks completed in year were:</p> <ul style="list-style-type: none"> • a central cybercrime team was established; • the start of work to introduce an information sharing protocol with BTP's key industry partners Network Rail and TfL; • regular meetings with industry partners and table top planning exercises have been introduced.

Transformation programme puts BTP on fast track to better business

Underpinning the achievement of the strategy and annual operational targets is an on-going programme of business transformation to improve four key areas of BTP's business: operations, information, people and resources.

In 2015/16 the business transformation programme aimed to deliver the following:

Key:  On track  Slightly behind plan  Significantly behind plan





Business area/ project	Purpose of project	Project progress	Key achievements/ benefits to date
Operations			
Operation Trafalgar	Create an evidence based deployment approach - focusing resources at high crime locations with the intention of reducing notifiable crime.		<ul style="list-style-type: none"> • Training completed across the Force. • 10% reduction in crime across major hub stations.
Evidence review gateway	Centralisation of evidence review process to improve file quality and consistency. This should improve BTP's success rate at court and improve outcomes for victims of crime.		<ul style="list-style-type: none"> • Review of case files now carried out by central Evidence Review Officers. • BTP's performance around case files has improved. • Relationship between Crown Prosecution Service (CPS) and BTP has improved significantly.

Business area/ project	Purpose of project	Project progress	Key achievements/ benefits to date
Operations			
Justice transformation	Create a centralised team to improve BTP's overall approach to criminal justice including improving prosecution success rates and delivering justice for victims.		<ul style="list-style-type: none"> • New structure is in place. • Improved working between BTP, CPS and other police. • BTP's performance has improved. • Cashable efficiency saving of £140,000.
Integrated offender management	To develop an approach to reducing offending on the railway by managing most regular offenders.		<ul style="list-style-type: none"> • This was a project which did not progress past the research phase. • It was felt that targeting resources would have a much smaller impact on the 20% reduction in crime target than the investment justified.
Information			
Body worn video	To use audio and visual devices to deter offending and when offences do occur to enable BTP to capture high quality evidence that can be used in the criminal justice process.		<ul style="list-style-type: none"> • Cameras were deployed as part of the trial across 23 locations. • BTPA approved funding for national roll out. • Analysis of early results and the suitability of the pilot system is underway.
Integrated systems programme	Introduce a suite of IT solutions to enable BTP to provide a more efficient and effective police service for the railways. 'Niche' is a single system for the core processes of crime recording and management, intelligence gathering, custody management and case file preparation.		<ul style="list-style-type: none"> • Niche Crime and Intelligence successfully went live in the Force on 24 February 2016. • A Benefits Realisation Challenge Panel has been set up chaired by ACC Newton, to ensure that the benefits are fully realised.




Key: On track Slightly behind plan Significantly behind plan



Business area/ project	Purpose of project	Project progress	Key achievements/ benefits to date
Operations			
Tablets for supervisors	Mobile solution to be implemented providing supervisors with live access to key systems.		<ul style="list-style-type: none"> • 270 devices deployed force wide. • Excellent feedback from users, which will inform Mobile project.
Electronic Data Warehouse	Allows BTP to collect, store and manage a range of data to feed multiple systems and supports other digital transformation projects.		<ul style="list-style-type: none"> • Project slipped to 2016/17.
Mobile solution	Provide all front line police officers with mobile devices to enable them to work remotely and access the majority of Force systems whilst on patrol. Reduces the need for paperwork to be completed in an office and maximises time available for visible patrol.		<ul style="list-style-type: none"> • Business case approved.

Key: On track Slightly behind plan Significantly behind plan

Business area/ project	Purpose of project	Project progress	Key achievements/ benefits to date
People			
People strategy launch and year 1 implementation	A fundamental change to how BTP trains, develops and performance manages officers and staff.		<ul style="list-style-type: none"> Organisational development team in place. Substantial work on leadership. New performance management scheme introduced. Wellbeing team in place with enhanced support for officers and staff.
New courses launched	Training updated to reflect new ways of working, VITAL behaviours as well as reinforcing of code of ethics and the core syllabus. Updates also strengthen recruit's knowledge and understanding of policing within our unique environment.		<ul style="list-style-type: none"> Course was launched in August 2015. Over 120 student officers have now successfully completed the programme. New Sergeants' course developed and rolled out. A full evaluation of the programme and its impact on front line capabilities will take place in August 2016.
New promotion process	Implement the new National Police Promotion Framework (NPPF) across BTP and improve diversity within senior officer ranks.		<ul style="list-style-type: none"> Introduced NPPF processes into the Constable to Sergeant and Sergeant to Inspector promotion exercises delivered in 2015. Completed a review of the new approach to promotions to understand its impact.
New terms and conditions (T&Cs) baselined	Reviewed all T&Cs for officers and staff to support the Demand project, which is reviewing demands for BTP services, and the wider Force strategy.		<ul style="list-style-type: none"> Police officer T&Cs review completed in 2015. Working through police staff.

Key:  On track  Slightly behind plan  Significantly behind plan

Business area/ project	Purpose of project	Project progress	Key achievements/ benefits to date
Resources			
Estates review	Overall review of the BTP Estate to identify opportunities for improved usage or release.		<ul style="list-style-type: none"> Review enabled BTP to vacate both Caledonian Road and Camden Street premises, releasing circa £800,000 of rent and running costs in 2016/17.
Demand review (parts 1 and 2)	Assess how well BTP's current deployment and rostering meets the demand for calls for service from the public and rail industry.		<ul style="list-style-type: none"> A BTP Demand Model has been developed. Resource allocations developed for each BTP station and building - these include the number of people required and time they are needed on duty. Model to be implemented in 2016/17 following consultation.
Duty Management System review	To implement a system that provides better visibility of Force capacity.		<ul style="list-style-type: none"> Workforce Live implemented. System takes data from Command and Control and allows commanders to see which staff with which skills sets are available and deployable at any given time.

Key:  On track  Slightly behind plan  Significantly behind plan

Financial analysis

	Year ending 31 March 2013 £000	Year ending 31 March 2014 £000	Year ending 31 March 2015 £000	Year ending 31 March 2016 £000	Budget 2016/17 £000
Income	267,947	280,724	286,835	290,084	298,463
Expenditure	(320,020)	(323,353)	(311,791)	(353,486)	(355,531)
Net Deficit	(52,073)	(42,629)	(24,956)	(63,402)	(57,069)
Adjusted net surplus/ (deficit)	(25,243)	1,441	3,994	(7,402)	(1,069)
Non-Current Assets	53,598	56,194	55,168	60,459	n/a
Total Assets	104,639	109,432	103,840	106,738	n/a
Current Liabilities	(33,699)	(34,263)	(31,192)	(42,031)	n/a
Non-Current Liabilities	(475,208)	(357,393)	(631,067)	(492,284)	n/a
Taxpayers Equity	(404,268)	(282,224)	(558,419)	(427,577)	n/a



Five-year financial performance

The table shows financial outturn figures for the year ending 31 March 2013 to the year ending 31 March 2016 and the budget for 2016/17. BTP has been funded against a medium term financial plan (MTFP) from 2013 to 2019 that ensures annual funding is limited to increases in line with RPI.

The Authority approved a flatline budget for 2016/17 but also allowed for a potential additional spend on counter terrorism of up to £3.5 million subject to further review. This additional spend is therefore not included within the budget figures in the chart. The £1.06 million budget shortfall represents a cash drawdown from reserves agreed by the Authority. This will be actioned at the end of the financial year upon requirement.

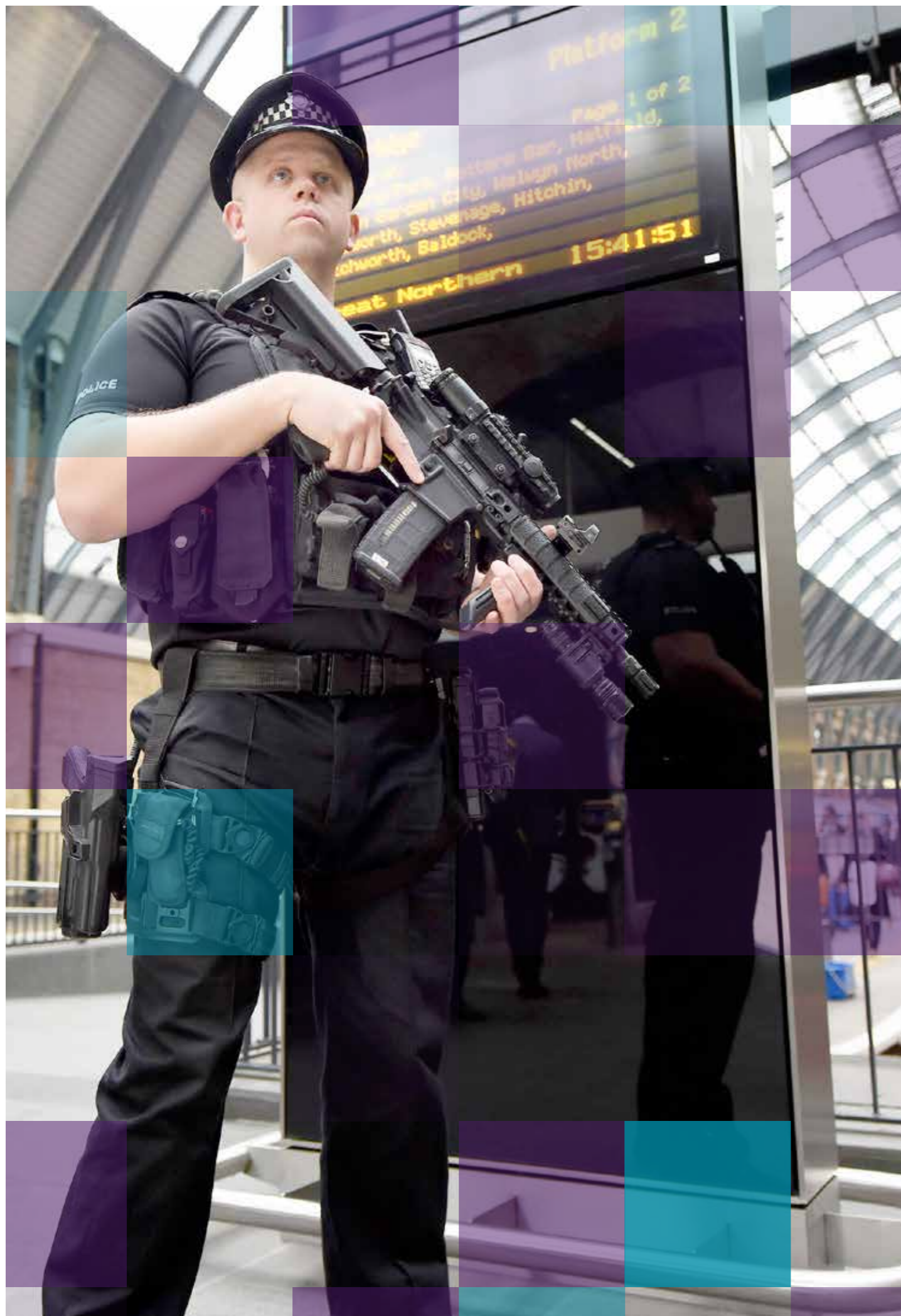
As a result of internal audit report and finance review recommendations undertaken in 2015/16, significant effort has been made on improving the control environment surrounding finance. Consequently activities, including an extensive review of non-current assets, have taken place resulting in a write down of assets. This write down has been accounted for as a prior period adjustment to allow for better comparability between year-end results.

The prior year figures in the table have therefore been restated accordingly. The write down is included within the losses disclosure in the Parliamentary Accountability and Audit Report.

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

The net pension liability is also the key volatile element of assets and liabilities. After adopting IAS 19: Employee Benefits, the opening financial position as at 1 April 2015 shows net pension liabilities of £630.3 million. The net liability of the scheme on 31 March 2016 was £491.4 million, a decrease of £138.9 million in the year.

The reason for this change is the higher discount rate assumption which has decreased the benefit obligation. In addition the value of assets held in the schemes has increased by £45 million. The DfT, as the Authority's sponsoring department, underwrites any pension shortfalls.



Current Year Performance

The net deficit for the financial year was £63.4 million (2014/15: £24.9 million), £56 million (2014/15: £28.95 million) of which relates to an IAS 19 accounting adjustment. The deficit excluding the IAS19 pension accounting adjustment is therefore £7.4 million (2014/15: surplus £3.1 million). Much of this deficit has arisen as a result of an accounts clean up exercise including applying more prudent accounting judgements and estimates.

There has been an increase of £32.8 million in staff costs, from £236.3 million in 2014/15 to £269.2 million in 2015/16. This has been caused by an increase in pension current services costs of £21.8 million that relates to a technical, non-cash adjustment and salary and wage related cost increases of £11 million. The main factors causing this is an increase in resourcing in areas including firearms and a one per cent pay award agreed for all employees. Year-end staff-related accruals have also been subject to more prudent accounting judgements.

Trade and other payables have increased by £8.5 million, from £29.9 million in 2014/15 to £38.5 in 2015/16. This has been caused by an increase in trade creditors of £3.1 million due to timing of a year-end payment run (which cleared in early April), and an increase in accruals of £5.4 million.

Provisions have increased by £2.3 million, from £1.3 million in 2014/15 to £3.6 million in 2015/16. This increase is a result of choosing to apply a more prudent accounting judgement for legal and dilapidation provisions and a clean-up exercise of historic provisions.

Cash balances held at 31 March 2016 total £26.1 million. Cash balances held at year end reporting dates have fallen over the past two years by £11.1 million (£2.3 million between 31 March 15 and 31 March 2016 and £8.8 million between 31 March 2014 and 31 March 2015).

The net operating cash inflows over the past two years totalled £21.2 million whilst cash outflows relating to investing activities (purchase of assets) totalled £32.3 million. Given the size of this cash outflow, work is in progress to assess the level of cash reserves needed to support future business requirements.

Improving efficiency

In setting the 2016/17 budget parameters to include a zero increase in core funding, the Authority is challenging the Force to improve its efficiency. With continuing growth in rail passenger numbers, increasing demand and cost pressures, the Force is increasing its focus to ensure that it can demonstrate improving efficiency across all aspects of its activities.

An Efficiencies Board is being developed, to review systematically the work underway on improving efficiency in:

- construction
- procurement
- operations
- technology and innovation
- back office
- use of assets.

Sustainability report

BTPA is determined to reduce its environmental impact and reports progress against the Greening Government Commitments (GGC), a series of ambitious targets set by Government. Our progress against the GGC targets over the financial year 2015/16 can be viewed below.

Reducing our footprint

This year marks the final one of the 2010-16 Greening Government Commitments for sustainable operations and procurement. As shown in the table below, we have made encouraging inroads against many of these targets, including surpassing those set for paper use and domestic flights.

Our new strategy called Going Green sets out how we plan to meet the next set of Greening Government Commitment targets which run from 2016 to 2020. More details on this strategy can be found towards the end of this report.

“Sustainability is an ongoing challenge and we’re pleased that we’ve reduced CO2 emissions by 5%, waste by 9% and paper use by over 33% since 2009/10.”

Sustainability targets - what we've achieved

Greening Government Commitments	Reduction target	Baseline set in 2009-10	2015/16	Progress against target
Greenhouse Gas Emissions (scope 1-3, tonnes)	-25%	8,647	8,248	-5%
Waste (tonnes)	-25%	651	622	-9.12%
Water (m ³ /FTE)	6	20	7.64	7.64
Paper (Reams A4 equivalent)	-10%	25,562	16,813	-34.23%
Domestic flights (number of flights)	-20%	416	327	-21.39%

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



Since the baseline was set in 2009/10 we reduced greenhouse gas emissions by approximately five per cent, largely due to maximising the use of our estate, moving into more energy efficient buildings and operating a more efficient vehicle fleet. In early 2016 this effort led to the introduction of five new plug in hybrid vehicles to complement the existing electric vehicles in our fleet. Based at Force Head Quarters, these five Toyota Prius' replace an aging, less environmentally friendly pool fleet and increase our electric and hybrid vehicles to eleven.

Over the reporting period we have also seen a 9.12 per cent reduction in waste, achieved in part due to the end of Operation Canberra, which required a large amount of confidential waste being recycled).

Paper use has reduced by over a third, 34.23 per cent in total, and this has been largely due to the roll out of multi-functional devices, E-processes and pin printing.

The number of return domestic flights has been reduced by 21.39 per cent due to strict governance processes including challenges when booking flights and exception reporting. We have also reduced our business travel through the use of video conferencing. During last year we completed the installation of our video conferencing system, and this facility is now available at

22 sites and gives the opportunity for virtual meetings, hence reducing future travel requirements.



Going green

Throughout this year we have been working on a sustainability plan due for launch in 2016/17. Our 'Going Green' plan will set out how we will meet the next phase of the Greening Government Commitment targets from 2016-2020 using:

- efficient technologies - including a raft of energy efficiency measures procured through the RE:FIT framework;
- a year long staff engagement campaign with a focus on four key areas; fleet, waste, business travel and energy;
- improved governance across all aspects of sustainability.

The plan is also expected to deliver significant financial benefits to the Force.

Our plans to streamline the estate go hand-in-hand with our sustainability aspirations, as

the streamlining of the estate is enormously effective at reducing the carbon footprint. In 2015/16 we moved out of several properties including; Camden Street, Caledonian Road, Bishopsgate, Stratford Hub and Lineside House. Our estates programme, which ensures a more efficient and effective approach to managing our properties, is set to continue throughout phase two of the GGC.

Alongside this we will also work to ensure that the properties we retain will adopt energy efficiency measures that make sure they run as sustainably as possible.

A.C. Figgures CB CBE
Accounting Officer
Date 12 July 2016



2 Accountability Report

Corporate governance report

Directors' report
Accounting officer responsibilities
Governance statement

Remuneration report

Directors' report

Authority members:

Key to committee membership:

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



RT HON ESTHER MCVEY

Chairman

Appointed 16 November 2015 with a term of four years and a notice period of three months

“It is a real pleasure to be Chair of the organisation that oversees the country’s only national police force dedicated to the safety of our railways and working with a team focused on making this happen.”



BRIAN PHILLPOTT

Deputy Chairman

Appointed 1 April 2012 with a term of four years and a notice period of three months

“I feel privileged to be associated with the British Transport Police Force as a member of the Authority. With the other members of the Authority I use my experience and skills to provide the strategic direction of the Force, hold the chief constable to account for performance and ensuring that the Force has the resources to provide for public safety. In this manner British Transport Police can deliver its aim to get the travelling public home safe, secure and on time every day.”



DOMINIC BOOTH

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

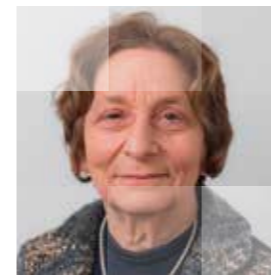
“In today’s testing security environment, we in the rail industry are ever more appreciative of the specialist policing service we receive from the British Transport Police.”



LEN JACKSON OBE

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

“The Authority adds enormous value in support of British Transport Police and I am delighted to be working alongside a group of very talented professionals on behalf of the public and the train operating companies who serve them.”



ELIZABETH FRANCE CBE

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

“Working with professional colleagues from a range of backgrounds, to support and challenge a professional police force who protect the travelling public, is a privilege. BTP is a unique force with a key part to play in policing the nation’s infrastructure and is showing itself ready to change to meet new challenges.”



BILL MATTHEWS

Appointed 1 November 2012 with a term of four years and a notice period of three months

“Against a backdrop of increasing passenger numbers and additional commercial activity around stations I have been impressed by the BTPs continuing focus on railway-specific issues, and in particular their on-going proactive and problem-solving efforts with the railway industry.”



DYAN CROWTHER

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

“I’m delighted to be supporting the BTP in delivering its industry targets. The force is unique and provides a great service to a sector experiencing phenomenal growth. Our challenge is to be effective and efficient in supporting that growth and provide pace and focus in providing that support.”



MARK PHILLIPS

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

“The BTPA has embraced the rail industry’s challenge to reduce crime, improve staff and passenger confidence with the BTP, and contribute to tackling service delay arising from crime and trespass.”



RAY O'TOOLE

Appointed 2 November 2015 with a term of one year and a notice period of three months

“ Having started my non-executive career as a member of the board of the British Transport Police I am pleased to have returned to the board, putting the safety and security of passengers at the forefront of what the British Transport Police do.”



STELLA THOMAS

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

“ I am particularly interested in the views of rail passengers in terms of their safety on stations and on trains. The BTP does and will respond to changing needs. We must all have confidence in being able to make those necessary journeys safely.”



ANTON VALK CBE

Appointed 1 September 2015 with a term of two years and a notice period of three months

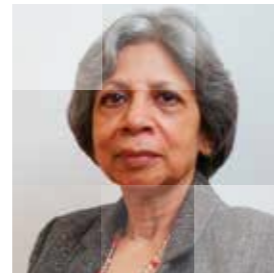
“ The on-going ambitious transformation process creates value for money for the whole industry and will improve the passenger experience by reducing crime and disruption.”



ANDREW POLLINS

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

“ I really enjoy my role as Authority Member for the BTP. I like the fact that as Members we get involved in a variety of strategic matters and that we can see that our decisions and guidance make a real difference to customers and rail staff. There is very good collaboration between Industry and the BTP and I see the role of the authority members to ensure that this continues.”



URMILA BANERJEE CBE

Chairman – Relinquished appointment 14 August 2015 after six years

Authority Officers:

Chief Executive, Andrew Figgures CB CBE
 Authority Finance Director, Charlotte Vitty
 Authority Interim Finance Director, Alistair Cook

BTP Chief Officer Group:

Chief Constable, Paul Crowther OBE
 Deputy Chief Constable, Adrian Hanstock
 Assistant Chief Constable (B Division and Crime), Mark Newton
 Assistant Chief Constable (C Division and Specialist Operations), Stephen Thomas QPM
 Assistant Chief Constable (Scotland), David McCall
 Director of Capability and Resources, Simon Downey OBE
 Interim Finance Director, Stephen Park

Further information on BTPA Members can be found at www.btpa.police.uk

Authority Members' other responsibilities

RT HON ESTHER MCVEY PC

Additional BTPA responsibilities:

- Authority lead on equality and diversity

Appointments outside BTPA:

- LYJ Limited, Managing Director through which advisor to:
 - Hume Brophy
 - Floreat
- If Chloe Can charity, Trustee
- Liverpool University, Honorary Fellow

BRIAN PHILLPOTT

Appointments outside BTPA:

- Brighton Dome and Festival Charitable Trust

DOMINIC BOOTH

Appointments outside BTPA:

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

LEN JACKSON OBE

Appointments outside BTPA:

- Ministry of Defence (MOD) Police Committee Member, Non-Executive Director with MOD

ELIZABETH FRANCE CBE

Appointments outside BTPA:

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

BILL MATTHEWS

Additional BTPA responsibilities:

- Pension Working Group

Appointments outside BTPA:

- Security Industry Authority, Deputy Chair
- BBC Trust, Trustee for Scotland
- HubWest Scotland Limited, Chair
- BBC Pension Trust Limited, Chair
- CICA (Criminal Injuries), NonExecutive Advisor
- National Registers of Scotland, NonExecutive Advisor

Authority Members' other responsibilities

DYAN CROWTHER

Appointments outside BTPA:

- GTR Franchise, Executive Director COO
- Railway Children charity, Trustee
- Railway Ball Committee, Vice Chair

MARK PHILLIPS

Appointments outside BTPA:

- RSSB, Interim Managing Director
- Railway Documentation and Drawing Services Ltd, Director

RAY O'TOOLE

Appointments outside BTPA:

- Essential Fleet Services Limited, Chief Executive
- Yorkshire Water, Board Member

ANTON VALK CBE

Additional BTPA responsibilities:

- Pension Working Group

Appointments outside BTPA:

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

ANDREW POLLINS

Additional BTPA responsibilities:

- Pension Working Group, Chair

Appointments outside BTPA:

- London Underground Limited, Finance Director
- London Underground Limited, Docklands Light Rail Limited, Rail for London Limited, Tramtrack Croydon Limited
- TTL Earls Court Properties Limited

URMILA BANERJEE CBE

Additional BTPA responsibilities:

- Portfolio allocation, Chief Constable

Appointments outside BTPA:

- Working Links, Chair
- College of Policing, Non-geographic and Non-elected Police and Crime Commissioner
- East London Trust, Board Member

Pension arrangements

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

Personal data related incidents

There were 21 incidents involving personal data breaches this year, compared to 42 in 2014/15. Two of this year’s incidents were reported to the Information Commissioner, compared to three in 2014/15.

Fraud, bribery and whistleblowing

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

Auditors

The accounts of the British Transport Police Fund are audited by the Comptroller and Auditor General (“C&AG”) under the Railways and Transport Safety Act 2003. The cost of the audit is £106,000 (2014/15: £106,000). The C&AG did not undertake any non-audit work for the BTPA (2014/15: £nil).

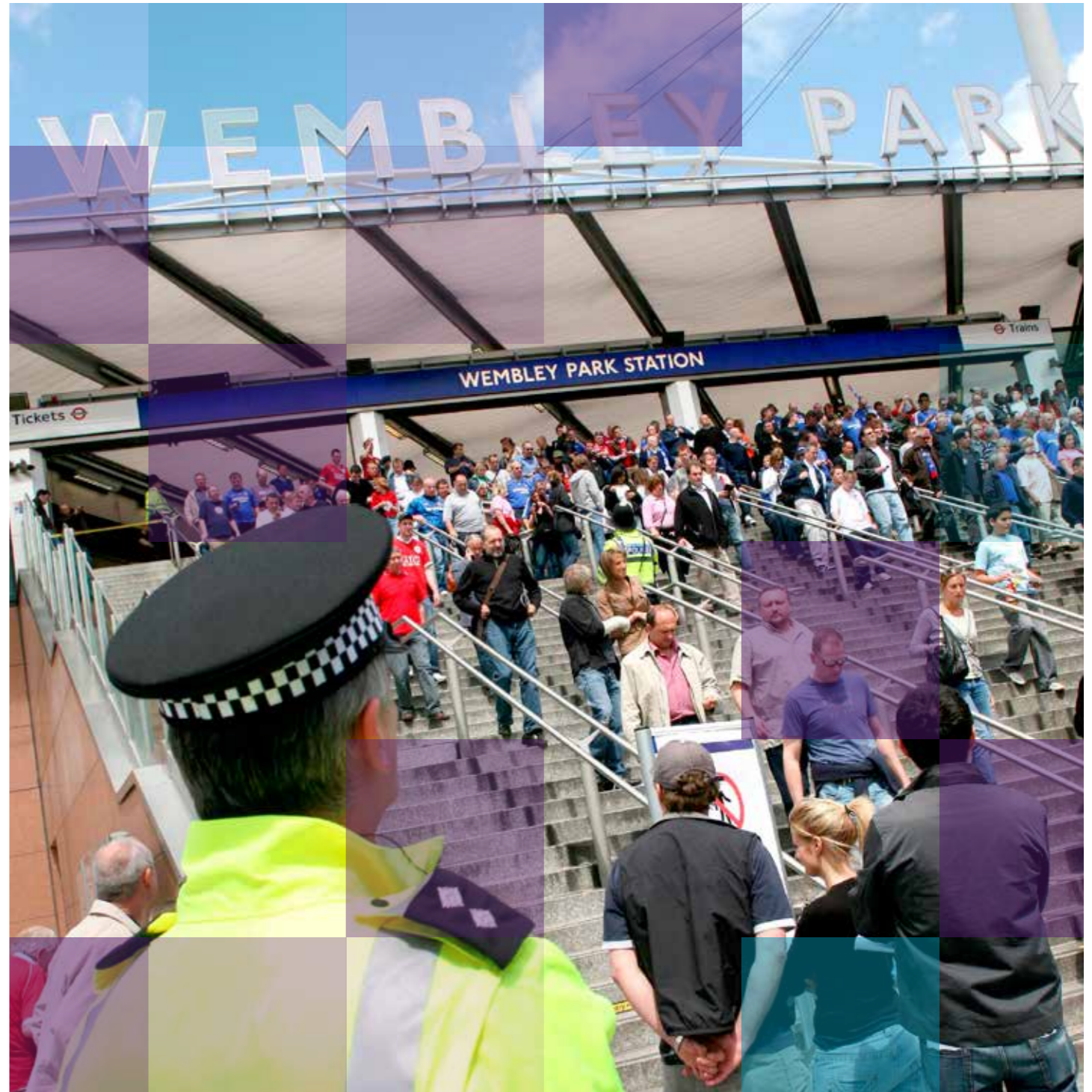
As far as the Chief Executive (as Accounting Officer for the Authority) and the Finance Director are aware, all relevant audit information has been made available to the auditors. The Chief Executive has taken all necessary steps required to make himself and the auditors aware of any relevant audit information.

Events occurring after the reporting date

The result of the referendum held on 23 June was in favour of the UK leaving the European Union. This is a non-adjusting event. A reasonable estimate of the financial effect of this event cannot be made.

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

A.C. Figgures CB CBE
Accounting Officer
Date 12 July 2016



21 incidents involving personal data breaches this year, compared to 42 in 2014/15

Statement of Accounting Officer's Responsibilities

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

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

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

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

The Accounting Officer of the Department for Transport has designated the Chief Executive as the Principal Accounting Officer of the Authority from 12 April 2010. The responsibilities of an Accounting Officer are set out in 'Managing Public Money' published by the HM Treasury and include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Authority's assets.

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



Governance statement

Accounting Officer's introduction to corporate governance

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

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

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

This report references areas of control weakness identified in 2015/16, as well as two unsatisfactory-rated Internal Audit reviews. While this reduces the level of assurance I am able to provide on the effective operation of controls across the whole financial year, I can provide assurance on the significant work undertaken to identify and rectify these weaknesses.



Governance Structure

The Authority

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

Statutory duties

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

Sub-committees

Appointments and Remuneration

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

Finance

- Advise the Authority on the preparation of the annual revenue and capital budget.
- Assess progress against delivery and spend on capital projects and major revenue schemes.
- Review annual PSA charges.

People and Standards

- Oversee the arrangements for handling complaints and managing conduct cases.
- Monitor trends in complaint allegation type and identify issues for organisational learning.
- Oversee the work on People and Development, including Human Resources activity, sickness levels.
- Ensure adequate Health and Safety arrangements.

Audit and Risk Assurance

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

Performance Review

- Monitor and challenge operational and organisational performance and efficiency.
- Overseeing deployment of taser and firearms and ensure the delivery of mandatory training to maintain these capabilities.

Policing Plan

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

The Police Authority

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

The Chair and Members of the Authority (“Members”) are appointed by the Secretary of State. Members are drawn from people who have experience of the rail industry, railway staff, the travelling

public and others with designated experience, including experience of Scotland and Wales. Members are not intended to be representatives of those interests but all work together and act as a single corporate body.

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

Sub-Committees

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee (ARAC) is chaired by Brian Phillpott. It has three members, met six times in 2015/16 and undertook a wide range of assurance activities, including overseeing:

- the Internal Audit programme;

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

In the year, Internal Audit assessed the controls regarding payroll and contract management and found them to be unsatisfactory.

Internal audit topic	Areas requiring improvement include	Internal audit follow up conclusion
<p>Payroll To gain assurance regarding the adequacy and effectiveness of controls over payroll processes. A review of documented payroll processes and testing of relevant controls.</p>	<ul style="list-style-type: none"> • Ensuring sufficient resource to respond to the large volume of data requiring manual inputting. • Documenting the leaving, joining and amendments processes. • The process of recording and approving overtime. • Identifying the system improvements required. 	<p>Good progress has been made, such as the implementation of an E-Duty recording system and increasing the level of monitoring of compliance. Further work is required in 2016/17 to complete the action plan.</p>
<p>Contract Management To gain assurance regarding the adequacy and effectiveness of controls over contract management. This was conducted using a standard contract management audit approach.</p>	<ul style="list-style-type: none"> • Documentation of responsibilities, skills and capabilities, contract administration, contract performance framework, delivery and price reviews. • Contract risk management. 	<p>Good progress has been made, including the development of contract management plans, contract risk assessments and contract change logs. Further work is required in 2016/17 to complete the action plan.</p>

Internal Audit also reviewed our Management Assurance Return to DfT for the nine month period to December 2015. Results of this review are discussed further within this statement under “other assurance activities”.

“
A new E-Duty recording system and new contract risk assessments are part of the good progress made to tackle payroll and contract management issues this year”

Appointments and Remuneration Committee

The Appointments and Remuneration Committee is chaired by Brian Phillpott. It has three members, met three times in 2015/16 and considered a range of workforce issues, including:

- agreeing the recruitment of a new Assistant Chief Constable;
- overseeing the project of consolidating the conditions of service of police officers for endorsement by the Authority;
- considering a claim by one of the staff associations;
- reviewing the performance of the Chief Constable and Chief Officer Group, the Authority’s Chief Executive and the Authority’s Finance Director.

Finance Committee

The Finance Committee is chaired by Dominic Booth. It has four members, met six times in 2015/16 and performed the following activities:

- advising the Authority on the preparation of the annual revenue and capital budget for 2016/17;
- reporting to the Authority on spend against the 2015/16 budget and on forecast outturn;
- reviewing business cases and contracts for significant capital projects including the Integrated Systems Programme (ISP) and recommending approval to the Authority where appropriate;
- tracking the progress against delivery and spend of capital projects in the year of which the ISP was the most significant in complexity and value;
- assessing the ‘washup’ PSA charges for 2014/15 and provisional charges for 2016/17 and recommending Authority approval;
- tracking the progress of the finance action plan.

Performance Review Committee

The Performance Review Committee is chaired by Elizabeth France. It has five members, met four times during 2015/16 and considered a range of standing and ‘thematic’ matters as set out in its annual plan of work for 2015/16, including:

- progress against the annual policing plan 2015/16;
- use of force (including stop and search and taser/firearms);
- development of an Equality Diversity and Human Rights strategy with a particular focus on operational delivery;
- performance of BTP’s criminal justice functions;
- thematic reports on disruption management, football policing, Operation Trafalgar the new deployment model, operational aspects of the transformation programme.

In addition the committee has reviewed its reporting products and developed a new performance dashboard, supporting presentation and narrative report.

People and Standards Committee

The People and Standards Committee is chaired by Len Jackson. It has three members, met four times during 2015/16 and considered a range of Police Complaints, Discipline and People and Development issues, including:

- monitoring the performance of the Professional Standards Department, including its activity on complaint handling and management of conduct cases;
- overseeing work in relation to the handling of senior officer complaints and Police Appeals Tribunals;
- overseeing the preparation of domestic regulations governing Complaints and Disciplinary arrangements and recommending them for approval;

























- engaging with the Home Office regarding reforms to Police Complaints and Discipline contained in the Policing and Crime Bill;
- overseeing the development of the People Strategy;
- receiving assurances over the Force’s Health and Safety arrangements;
- reviewing arrangements to ensure that BTP custody facilities are compliant with legislative requirements and government guidance.

Policing Plan working group

The Policing Plan working group is chaired by Mark Phillips. It has four members and meets regularly to determine BTP national and local targets. These targets are subsequently published in annual policing plans.

+
Tracking the progress against delivery and spend of capital projects in the year of which the ISP was the most significant in complexity and value.

Committee attendance





Member name	Number of full authority meetings attended/number of authority meetings available	Number of appointment and remuneration committees attended/number of committee dates available	Number of audit committees attended/number of committee dates available
Esther McVey ³	3 / 3 	1 / 1 	2 / 2 
Brian Phillipott	6 / 6 	3 / 3 	4 / 4 
Dominic Booth	4 / 6 	2 / 3 	
Elizabeth France	5 / 6 		
Len Jackson	6 / 6 	3 / 3 	
Bill Matthews	5 / 6 		3 / 4 
Andrew Pollins	6 / 6 		4 / 4 
Mark Phillips	5 / 6 		
Stella Thomas	6 / 6 		3 / 4 
Anton Valk	5 / 6 	2 / 3 	
Dyan Crowther ¹	5 / 6 		
Ray O'Toole ²	2 / 2 		
Urmila Banerjee ³	1 / 2 	1 / 1 	

 = Attendance not required

¹Dyan Crowther joined in May 2015.

²Ray O'Toole joined in November 2015.

³Urmila Banerjee stepped down as Authority Chair in August 2015 and was replaced by Esther McVey.

Member name	Number of Finance Committees attended/number of committee dates available	Number of People and Standards Committees attended/number of committee dates available	Number of Performance Review Committees attended/number of committee dates available	Number of Policing Plan working group attended/number of committee dates available
Esther McVey ³	2 / 2 	1 / 1 		1 / 1 
Brian Phillipott				
Dominic Booth	6 / 6 			1 / 3 
Elizabeth France		4 / 4 	4 / 4 	3 / 3 
Len Jackson		4 / 4 		
Bill Matthews	4 / 6 		2 / 4 	3 / 3 
Andrew Pollins	5 / 6 		1 / 4 	
Mark Phillips			4 / 4 	3 / 3 
Stella Thomas	4 / 6 	4 / 4 		3 / 3 
Anton Valk				
Dyan Crowther ¹		2 / 3 	2 / 3 	
Ray O'Toole ²	1 / 2 			
Urmila Banerjee ³				

 = Attendance not required

Executive Team

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

The Authority Finance Director serves on the team and fulfils the roles of Treasurer to the Authority and Deputy Chief Executive with responsibility for the management of the BTP Fund. This enables the Authority to receive independent financial advice in all aspects of its activity, including the strategic planning and policy making process and budgetary matters.

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

Risk management

Risks are assessed against their potential impact and probability on a scale of one (low) to four (high). These two scores are combined to give an inherent risk rating. The impact of mitigating actions is then taken in to account to provide a final residual risk rating. The senior management teams review both strategic and operational risks. This process produces a principal risk register that includes strategic risks (risks to the achievement of the strategy and policing plan) but also includes other significant risks (programme, project or operational) that should be brought to the attention of the Audit and Risk Assurance Committee and Full Authority. This information is received by both bodies on a quarterly basis.

Assessment of the principal risks and uncertainties facing the BTP Authority are presented in the Performance Report.

A Governance Review reporting in late 2015/16 highlighted the requirement to mature the Authority’s risk management arrangements. This includes the consideration of a more externally focused strategic risk set as well as the need for the Authority to agree its risk appetite.

Statement of information risk

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

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

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

In light of concerns raised regarding the storage of physical records in the prior year, an update of all related policies and increased level of control has been put in place. An Information Governance Board with the SIRO as Chair has been created to monitor information management. The Information Commissioner’s Office has been informed of the action being taken.

“
This year a new Information Governance Board has been created to monitor information management.”

Personal data related incidents

Disclosure of personal data related incidents is included within the Directors’ report.

Other assurance activities Governance Review

A Governance Review was undertaken by external consultants which reported at the end of 2015/16. The review found that the Authority were meeting their statutory duties as stipulated in the Code of Governance and the governance systems reflect the national scale and business operations of the Force. However a number of improvements are required, for example on risk management and programme/project management skills. The Authority will respond to the recommendations made and take action.

Her Majesty’s Inspectorate of Constabulary (HMIC)

Significant progress has been made in response to recommendations made by HMIC resulting from inspections performed in previous years and revisits on certain topics in the current year. The inspection topics include Stop and Search, Crime Data Integrity, Undercover Policing and Police Integrity & Corruption. The Audit and Risk Assurance Committee track this progress on a quarterly basis.

Finance Review

A Finance Review was also undertaken in 2015/16 as a result of a protected disclosure by employees to Authority senior management. Findings of the review as at October 2015 highlighted that there were fundamental long standing weaknesses in the BTP finance department internal control environment. To address the weaknesses identified immediate preventative controls were put in place and a detailed action plan was drawn up by the

Authority Treasurer and agreed with the Accounting Officer. This was presented to both the Audit and Risk Assurance Committee and the DfT for approval. The Authority has actively governed this issue by ensuring weekly governance meetings are in place to monitor progress and deliver this plan. Progress updates are also being issued to the DfT.

The key areas of weakness identified in the finance function and the corrective action taken to date are:

Area of weakness	Actions taken
Financial control processes	<ul style="list-style-type: none"> Documentation of financial processes and controls. Design and implementation of revised controls to address identified control weaknesses. Further progress is on-going in this area.
Counter-fraud and error controls	<ul style="list-style-type: none"> Use of data matching to identify duplicate suppliers and duplicate payments.
Accounts payable and procurement arrangements	<ul style="list-style-type: none"> Strengthening of controls over supplier master data. Review and updating of approval levels in the financial system. Implementation of scanning solution to increase processing speeds.
Fixed assets	<ul style="list-style-type: none"> Completion of asset verification exercise resulting in the write-off of £5m of assets from the fixed asset register.
Accounts receivable and treasury	<ul style="list-style-type: none"> Immediate update of banking arrangements and authorities to implement stronger treasury controls within the banking system. Clearance of unidentified cash in accounts receivable. Completion of regular bank reconciliations. Regular monitoring of and action on aged debt.

Delivery of the action plan has highlighted that, in addition to the areas identified, a more fundamental review of the root cause was required. Consequently, the action plan has been extended to incorporate areas such as:

- culture and behaviours;
- training and development;
- and talent management.

Extensive forensic work to determine the potential for fraud has been undertaken both by a third party and internally. From the work performed, no evidence of fraudulent activity has been found.

Management Assurance Return (MAR)

The MAR submitted to the DfT reflects the control environment weaknesses referred to above which existed in some or all of the current year. There has been a significant level of scrutiny of the Management Assurance Return by the Audit and Risk Assurance Committee and Internal Audit prior to submission.

Data security issues

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

Prior year adjustments

To ensure that the accounts are fairly stated, the finance action plan involved detailed analysis of current and historical financial records. The consequence of this work requires a prior year adjustment to non-current assets for the year ending 2014 and 2015. Please refer to the losses statement within the audit report and financial statement note 5 for further detail.

Review of effectiveness

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

The 2015/16 annual internal audit report has stated that during the financial year limited assurance can be taken on the adequacy and effectiveness of the arrangements for corporate governance, risk management and internal controls. The internal audit report noted that significant weaknesses were identified in the finance, payroll

and contract management control environments. As noted under the 'Other Governance Assurance Activities' section these weaknesses were further highlighted from the Governance and Finance Reviews as well as from the Management Assurance submission.

However, the internal audit report also acknowledges that a significant amount of work has taken place to respond to these issues. Evidence of which has been seen by Internal Audit during follow up reviews on contract management and payroll control environments.

Having reviewed the evidence provided to me I am satisfied that the Authority is implementing an improved system of internal control. Further work is required in the financial year 2016/17 to fully implement remedial action. I expect to be able to report significant progress in 2016/17.

A.C. Figgures CB CBE
Accounting Officer
Date 12 July 2016

“

I am satisfied that the Authority is implementing an improved system of internal control.”

Remuneration report

The appointment of the Members of the Authority

The constitution of the Authority is set by the Railways and Transport Safety Act 2003. This determines the necessary range of knowledge and experience required by Members. Members of the Authority are appointed by the Secretary of State for Transport, with the intention that the Authority is representative of the community it serves and is informed of the views and interests of these groups.

Remuneration policy and procedures

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

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

The Authority's general remuneration policy is determined by:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- the regional or local variations in labour markets and their effects on the recruitment and retention of staff;
- the specific factors related to policies and guidelines from the Police Remuneration Review Body which influences the remuneration arrangements for both superintending and federated ranks;
- collective bargaining with recognised employee associations for police support staff, in order to determine annual settlements.

The Members' salary and allowances are set by the Secretary of State for Transport following consultation with the Authority. Members are entitled to claim expenses for travel, accommodation and subsistence when on Authority business. The Chair of the Authority is a member of the pension scheme.

The Governance Review found that the Authority were **meeting their statutory duties** as stipulated in the Code of Governance.

Terms of appointment

Terms of appointments of Authority members are disclosed within the Directors' report.

Authority Officers

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

BTP Chief Officer Group

Authority Officers	Commencement of contract	Term expiry date	Notice period required
Paul Crowther, Chief Constable	01/05/2014	Permanent appointment	6
Adrian Hanstock, Deputy Chief Constable	14/10/2014	Permanent appointment	3
Mark Newton, Assistant Chief Constable	01/04/2014	Permanent appointment	3
Stephen Thomas, Assistant Chief Constable	01/07/2007	Permanent appointment	3
David McCall, Assistant Chief Constable	08/03/2004	30/06/2015	3
Simon Downey, Director of Capability and Resources	22/04/2014	Permanent appointment	3
Stephen Park, Interim Finance Director	02/02/2016	02/08/2016 Contractor	1

Stephen Park's services were provided through Goodman Masson. The fees paid to Goodman Masson for 2015/16 were £46,374 (including VAT of £7,729), 2014/15 £nil (including VAT - £nil).

Remuneration of Authority Members (audited)

Authority Officers	2015/16				2014/15			
	Salary £	Benefits in kind (to nearest £100) £000	Pension Benefits £000	Total £000	Salary £	Benefits in kind (to nearest £100) £000	Pension Benefits £000	Total £000
Members								
Esther McVey	# 20-25	-	2	20-25	-	-	-	-
Brian Phillpott	25-30	-	-	25-30	25-30	-	-	25-30
Dominic Booth	15-20	-	-	15-20	15-20	-	-	15-20
Elizabeth France	15-20	-	-	15-20	15-20	-	-	15-20
Len Jackson	15-20	-	-	15-20	15-20	-	-	15-20
Bill Matthews	15-20	-	-	15-20	15-20	-	-	15-20
Andrew Pollins	15-20	-	-	15-20	15-20	-	-	15-20
Mark Phillips	15-20	-	-	15-20	15-20	-	-	15-20
Stella Thomas	15-20	-	-	15-20	15-20	-	-	15-20
Anton Valk	15-20	-	-	15-20	15-20	-	-	15-20
Dyan Crowther	* 10-15	-	-	10-15	-	-	-	-
Ray O'Toole	* 5-10	-	-	5-10	-	-	-	-
Urmila Banerjee	# 10-15	-	-	10-15	30-35	-	-	30-35
Lew Adams	** -	-	-	-	0-5	-	-	0-5
Catherine Crawford	** 0-5	-	-	0-5	15-20	-	-	15-20

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

** Membership term ended in 2014/15.

Urmila Banerjee stepped down as Authority Chair in August 2015 and was replaced by Esther McVey who began her term in November 2015. The full year equivalent is £30,000-£35,000. There has been a temporary uplift in the Chair's time commitment to the Authority to address a number of governance matters, as of 16 May 2017 the Chair's time commitment will revert back to the standard 60 days.

Remuneration of Authority Officers and Chief Officer Group (audited)

	2015/16				
Authority Officers	Salary and Allowances £000	Compensation Payments £000	Benefits in kind (to nearest £100) £	Pension Benefits £000	Total £000
Authority Officers					
Andrew Figures ⁵	115-120	-	9,200	-	120-125
Charlotte Vitty	105-110	-	7,300	23	135-140
Alistair Cook	10-15	-	-	-	10-15
Chief Officer Group					
Paul Crowther	190-195	-	10,800	-	200-205
Adrian Hanstock	145-150	-	4,600	33	185-190
David McCall ⁴	30-35	150-155	7,100	-	190-195
Mark Newton ⁶	105-110	-	7,300	-	115-120
Stephen Thomas	115-120	-	7,600	-	120-125
Simon Downey	105-110	-	21,400	25	150-155

Salary

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

2014/15 disclosures have been restated in order to reflect inclusion of allowances and travel benefits under the correct heading.

Benefits in kind

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

Bonus payments

The Authority does not operate a bonus scheme.

1 Full time equivalent salary £105,000-£110,000.

2 Full time equivalent salary £145,000-£150,000.

3 Full time equivalent salary £105,000-110,000

4 Full time equivalent salary £130,000-135,000.

5 Individual retired from the pension scheme during the current year.

6 Individual opted out of the pension scheme during the current year.

	2014/15 restated				
Authority Officers	Salary and Allowances £000	Compensation Payments £000	Benefits in kind (to nearest £100) £	Pension Benefits £000	Total £000
Authority Officers					
Andrew Figures	110-115	-	9,200	31	150-155
Charlotte Vitty ¹	50-55	-	-	39	95-100
Alistair Cook	-	-	-	-	-
Chief Officer Group					
Paul Crowther	190-195	-	10,800	-	200-205
Adrian Hanstock ²	60-65	-	4,600	16	80-85
David McCall	130-135	-	13,000	-	145-150
Mark Newton ⁶	105-110	-	7,300	97	210-215
Stephen Thomas	110-115	-	7,600	-	120-125
Simon Downey ³	75-80	-	21,300	23	120-125

Pension Benefits

The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

Performance pay

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

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

Pay multiples (audited)

Authority Officers	2015/16	2014/15 restated
Band of highest paid senior officer (including bonus and benefits in kind)	£200,000-£205,000	£200,000-£205,000
Median total full time equivalent remuneration	£35,608	£36,396
Ratio	5.7	5.6

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

The banded remuneration of the highest paid senior officer in the Authority in the 2015/16 financial year was £200,000-£205,000 (2014/15 restated: £200,000-£205,000). This is the Chief Constable an Additional Accounting Officer for Authority. This was 5.7 times (2014/15: 5.6 times) the median remuneration of the workforce, which was £35,608 (2014/15: £36,396).

In 2015/16 no employees (2014/15: no employees) received remuneration in excess of the highest paid Senior Officer. The remuneration of employees ranged from £16,066 to £203,923 (2014/15: £6,652 to £202,069).

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

Pension benefits

Railways pension scheme – Authority and BTP support staff

Pension benefits are provided for Authority and BTP support staff through the Railways Pension Scheme British Transport Police Shared Cost Section. This is a registered pension scheme and intended to be a fully funded scheme which provides benefits on a “final

salary” basis at a normal retirement age of 60. Benefits accrue at the rate of 1/60th of final average pay (less 1/40th of the final average basic state pension) for each year of pensionable service. In addition, a lump sum equivalent to 1/40th of final average pay for each year of service is payable on retirement. Members currently pay contributions of 10.06 per cent of pensionable earnings (less 1.5 times the basic state pension). Pensions in payment and deferment are increased in line with Orders made under the Pensions (Increase) Act 1971.

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

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

British Transport Police Force Superannuation Fund – Police Officers

Pension benefits are provided for Police Officers through the British Transport Police Force Superannuation Fund. This is a registered pension scheme and intended to be a fully funded scheme which provides benefits on a “defined benefit” basis. There are three benefit structures in place for members which

vary according to whether they joined the Fund before 1 April 2007, between 1 April 2007 and 31 March 2015, or after 31 March 2015. Prior to 1 April 2015, members earned benefits on a “final salary” structure, whilst joiners from 1 April 2015 are able to join a Career Average Revalued Earnings (“CARE”) benefit structure. For all benefit structures, the Authority pays 60 per cent of the total annual cost of accruing new benefits, with members paying the remaining 40 per cent.

For members who joined before 1 April 2007, benefits can be taken unreduced from age 55 (except where members have a ‘protected’ pension age). Benefits accrue at the rate of 1/45th of final average salary (less 1/30th of final average basic state pension) for each year of beneficial membership. In addition, a lump sum equivalent to 1/30th of final average salary for each year of beneficial membership is payable on retirement. Members currently pay contributions of 16 per cent of pensionable earnings (less 1.5 times the basic State Pension). Pensions in payment and deferment are increased in line with orders made under the Pensions (Increase) Act 1971.

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

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





and the Authority from time to time. Members currently pay 10 per cent of pensionable salary. Pensions in payment and deferment are increased in line with orders made under the Pensions (Increase) Act 1971.

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

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

Cash equivalent transfer value

A Cash Equivalent Transfer Value ("CETV") is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued

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

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

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

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



Pension benefits (audited)

Officials	Accrued values at pension age as at 31/03/16		Real increase values at pension age		CETV at 31/03/16	CETV at 31/03/15	Real increase in CETV
	Pension	Lump sum	Pension	Lump sum			
	£000	£000	£000	£000	£000	£000	£000
Authority Members							
Esther McVey	0-5	0-5	0-2.5	0-2.5	2	-	2
Authority Officers							
Andrew Figures	Retired from scheme 31/12/2015						
Charlotte Vitty	0-5	0-5	0-2.5	0-2.5	15	5	10
Alistair Cook	Opted out of scheme 22/03/2016						
Chief Officer Group							
Adrian Hanstock	0-5	0-5	0-2.5	0-2.5	46	14	32
Mark Newton	Opted out of scheme 14/09/2015						
Simon Downey	0-5	0-5	0-2.5	0-2.5	39	17	22
Paul Crowther	Retired from scheme 04/04/2012						
Stephen Thomas	Retired from scheme 02/07/2012						
David McCall	Retired from scheme 01/09/2012						

Staff report

Total average whole time equivalent number of persons employed (audited)

	2015/16	2014/15
Permanently employed staff¹	4,989	4,925
Other staff²	49	44
Staff engaged on capital projects	10	11
Total	5,048	4,980

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

2. Staff engaged on the objectives of the entity

Total staff costs consist of (audited):

	2015/16			2014/15
	Permanently employed staff	Other staff	Total	Total
	£000	£000	£000	£000
Salaries and wages	188,184	2,531	190,715	179,356
Social security costs	14,398	-	14,398	13,678
Other pension costs	64,965	-	64,965	43,307
Sub-total	267,547	2,531	270,078	236,341
Less recoveries in respect of outward secondments	(864)	-	(864)	(834)
Total net costs¹	266,683	2,531	269,214	235,507

Total expenditure on consultancy for 2015/16 is £728,000 (£914,000 in 2014/15) and total expenditure on temporary staff is £2,531,000 for 2015/16 (2014/15 £1,798,000).

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

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
<£10,000	5	6	6	27	11	33
£10,000-£24,999	-	10	14	31	14	41
£25,000-£49,999	-	-	4	17	4	17
£50,000-£99,999	1	1	-	-	1	1
£100,000-£149,999	-	-	-	2	-	2
£150,000-£199,999	-	-	-	-	-	-
Total number of exit packages	6	17	24	77	30	94
Total value of packages (£000)	114	236	350	1,430	464	1,666

1 Total net costs for 2014/15 does not reconcile to staff costs in the SoCI since recoveries in respect of outward secondments was accounted for within income. In 2015/16 the recoveries have been accounted for in staff costs.

There were six compulsory redundancies amounting to £114,000 in the period (17 in 2014/15 amounting to £236,000). A total of 24 individuals left under the terms of a voluntary severance scheme in 2015/16 (77 in 2014/15). Compensation payments totalling £350,000 were paid in 2015/16 in relation to the voluntary severance scheme (£1,430,000 in 2014/15).

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

Staff composition

The number of persons of each sex who were employees of the entity as at 31 March 2016 are:

	2015/16		
	Male	Female	Total
Authority Members	8	4	12
Authority Officers and Strategic Command Team	7	1	8
Remaining staff	3,759	1,544	5,293
Total	3,774	1,549	5,323

Sickness absences

Sickness absence disclosed within the performance report.

Engagement with employees

The following staff associations are recognised by BTP:

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

The following support groups operate in BTP:

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

Employees also have access to the Jewish Police Association.

Disability management

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

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

A.C. Figgures CB CBE
Accounting Officer
Date 12 July 2016

Parliamentary accountability and audit report

Regularity of expenditure:

Losses

	2015/16	2014/15
Total number of losses	-	1
Total value of losses (£000)	-	1,302
Details of losses over £300,000		
Bookkeeping losses	-	1,302

The table above reflects the net book value of fixed assets bookkeeping losses. This arose due to the lack of proper maintenance of the historic fixed asset register.

Additionally a similar bookkeeping loss related to fixed assets with a net book value of £3.78 million has been recognised in the balance sheet as at 31 March 2014.

Special payments

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

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

The certificate and report of the Comptroller and Auditor General to The Houses of Parliament

I certify that I have audited the financial statements of the British Transport Police Fund for the year ending 31 March 2016 under the Railways and Transport Safety Act 2003. The financial statements comprise: the Statements of Comprehensive Income, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report that is described in that report as having been audited.

Respective responsibilities of the Authority, Accounting Officer and Auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give

reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authority in respect of the Fund; and the overall presentation of the financial statements.

In addition I read all the financial and non-financial information in the Annual report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate and report.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- The financial statements give a true and fair view of the state of the British Transport Police Fund's affairs as at 31 March 2016 and of the net deficit for the year then ended; and
- The financial statements have been properly prepared in accordance with the Railways and Transport Safety Act 2003 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- The parts of the Remuneration and Staff Report and the Parliamentary Accountability Disclosures to be audited has been properly prepared in accordance with Secretary of State directions made under the Railways and Transport Safety Act 2003; and
- The information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the Financial Statements and the part of the Remuneration and Staff Report and the Parliamentary Accountability Disclosures to be audited are not in agreement with the accounting records and returns; or I have not received all of the information and explanations I require for my audit; or
- The Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse

Comptroller and Auditor General

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



3 Financial Statements

STATEMENT OF COMPREHENSIVE INCOME
 for the Year ended 31 March 2016

	Note	2015/2016 £000	Restated 2014/2015 £000
Income			
Police Service Agreement	7	209,285	206,899
Other Income	7	80,799	79,936
		290,084	286,835
Expenditure			
Staff costs	8	(269,214)	(236,341)
Depreciation and amortisation	5, 9	(11,261)	(10,709)
Other expenditure	5, 9	(52,800)	(49,440)
		(333,275)	(296,490)
Operating deficit		(43,191)	(9,655)
Net interest receivable		89	49
Net interest payable for pension schemes	25	(20,300)	(15,350)
Net deficit for the financial year		(63,402)	(24,956)
Other comprehensive income			
Items that will not be reclassified to net operating costs:			
Net gain/(loss) on revaluation of property, plant and equipment	5, 24	(626)	(2,021)
Actuarial gains/(losses) on defined benefit pension schemes	25	194,870	(244,830)
		194,244	(246,851)
Total comprehensive surplus/(deficit) for the year ended 31 March 2016		130,842	(271,807)

The net deficit for the financial year is transferred to reserves. Movements in reserves are set out in Note 24.

Further details explaining the movement from the operational surplus to the operating deficit (above) can be found under "financial performance" in the Performance Report.

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

STATEMENT OF FINANCIAL POSITION
 as at 31 March 2016

	Note	31 March 2016 £000	Restated 31 March 2015 £000
Non-current assets			
Property, plant and equipment	5, 10	50,944	49,107
Intangible assets	5, 11	9,515	6,061
Total non-current assets		60,459	55,168
Current assets			
Inventories	13	1,628	1,736
Trade and other receivables	14	18,509	18,495
Cash and cash equivalents	15	26,142	28,441
Total current assets		46,279	48,672
Total assets		106,738	103,840
Current liabilities			
Trade and other payables	16	(38,454)	(29,893)
Provisions for liabilities and charges	17	(3,577)	(1,299)
Total current liabilities		(42,031)	(31,192)
Non-current assets plus net current assets		64,707	72,648
Non-current liabilities			
Pension liabilities	25	(491,380)	(630,250)
Other payables	16	(904)	(817)
Total non-current liabilities		(492,284)	(631,067)
Net gain/(loss) on revaluation of property, plant and equipment			
Assets less liabilities		(427,577)	(558,419)
Net deficit for the year			
Income and expenditure reserve	5, 24	62,462	69,829
Revaluation reserve	5, 24	1,341	2,002
Pension reserve	24, 25	(491,380)	(630,250)
		(427,577)	(558,419)

The financial statements on pages 72 to 111 were approved by the Authority on 16/06/16 and were signed on its behalf by:

Andrew Figgures, CB CBE, Accounting Officer
 Date 12 July 2016

STATEMENT OF CASHFLOWS
 for the Year ended 31 March 2016

	Note	2015/2016	Restated 2014/2015
		£000	£000
Cash flows from operating activities			
Net deficit for the financial year		(63,402)	(24,956)
Less non-cash adjustments			
(Profit)/Loss on disposal of non-current assets	9	(44)	9
(Increase)/Decrease in trade and other receivables	14	(14)	(3,636)
(Increase)/Decrease in inventories	13	108	(527)
Increase/(Decrease) in trade payables	16	8,056	(3,356)
Increase/(Decrease) in provisions	9, 17	2,278	(179)
Depreciation of property, plant and equipment	9, 10	8,890	8,929
Amortisation of intangible assets	9, 11	2,371	1,780
IAS19 Pension charges	25	35,700	13,600
Net interest payable for pension schemes	25	20,300	15,350
Less cash item classified elsewhere within statement of cash flows		(89)	-
Net cash flow from operating activities		14,154	7,014
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(10,890)	(12,670)
Purchase of intangible assets	11	(5,825)	(3,419)
Proceeds from disposal of assets		173	208
Interest paid/(received)		89	49
Net cash flow from investing activities		(16,453)	(15,832)
Net increase/(decrease) in cash and cash equivalents in the period		(2,299)	(8,818)
Cash and cash equivalents at the beginning of the period		28,441	37,259
Cash and cash equivalents at the end of the period		26,142	28,441

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
 for the Year ended 31 March 2016

	Note	Restated Income and expenditure reserve	Restated Revaluation reserve	Pension reserve	Restated Total reserves
		£000	£000	£000	£000
Balance at 31 March 2014 as originally stated		69,696	5,003	(356,470)	(281,771)
Restatement of non-current assets	5	(4,697)	-	-	(4,697)
Restated balance at 01 April 2014		64,999	5,003	(356,470)	(286,468)
Changes in taxpayers' equity 2014/15					
Net gain/(loss) on revaluation of property, plant and equipment	10	-	(2,021)	-	(2,021)
Actuarial gains/(losses)	24	-	-	(244,830)	(244,830)
Net deficit for the year	24	(24,956)	-	-	(24,956)
Transfer between reserves	24	980	(980)	-	-
Excess of pension expense charged in year over employer pension contributions	24	28,950	-	(28,950)	-
Changes in Reserves not in SoCI	24	(144)	-	-	(144)
Balance at 31 March 2015		69,829	2,002	(630,250)	(558,419)
Changes in taxpayers' equity 2015/16					
Net gain/(loss) on revaluation of property, plant and equipment	10	-	(626)	-	(626)
Actuarial gains/(losses)	24	-	-	194,870	194,870
Net deficit for the year	24	(63,402)	-	-	(63,402)
Transfer to/from reserves	24	35	(35)	-	-
Excess of pension expense charged in year over employer pension contributions	25	56,000	-	(56,000)	-
Balance at 31 March 2016		62,462	1,341	(491,380)	(427,577)

Notes to the accounts

1. GENERAL

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

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

2. STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the 2015/16 Government Financial Reporting Manual 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 Authority for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Authority for 2015/16 are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

2.1 Accounting convention

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

2.2 Going concern

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

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

2.3 Accounting standards issued but not adopted

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

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

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

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

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

2.4 Property, plant and equipment

Property, plant and equipment includes improvements and capital works to leasehold buildings, plant and machinery, Information Technology (IT) equipment, fixtures and fittings, and road vehicles required for the ongoing operations of the Force. All expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised, subject to a minimum monetary limit of £1,000, on an accruals basis in accordance with IAS 16 Property, plant and equipment. These non-current assets are recognised initially at cost, which comprises purchase price (including non-recoverable Value Added Tax (VAT) and any costs of bringing assets to the location and condition necessary for them to be capable of operating in the manner intended and are restated to current value each year using the relevant modified historic costing indices from the Office for National Statistics (MM22) for the category of asset.

Internal staff costs that can be attributed directly to the construction of an asset, including capital renewal schemes, are capitalised. This includes staff on the Authority's payroll who have been brought in with the specific intention of working on capital projects.

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

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

2.5 Assets under construction

Assets under construction includes vehicles and capital projects 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 the Authority has yet to occupy.

2.6 Depreciation

Depreciation is provided on a straight-line basis over periods representing the estimated useful lives of assets. Depreciation begins at the date the asset is deemed to be 'in use'.

The lives used for the major categories of assets are:

- Leasehold improvements – Number of years remaining on the lease at time of purchase
- Plant and machinery – between 3 and 20 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.

2.7 Intangible assets

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

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

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

Intangible assets are initially measured at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible assets held by the Authority meets this criterion, and they are therefore carried at amortised cost. Intangible assets are amortised over their useful lives, on a straight-line basis, over the shorter of the term of the licence or the life of the software package, which is usually between three and five years.

2.8 Disposals

Depreciation is charged up to the date on which the asset is disposed. Any gains or losses on the eventual disposal of property, plant and equipment are recognised in the statement of comprehensive income when the asset is derecognised. Gains are not classed as revenue.

2.9 Impairment of assets

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

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

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

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

2.10 Income

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

2.11 Leases

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

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

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

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

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

2.12 Provisions

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

Provisions for liabilities 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 2016.

Provisions are charged to the Statement of Comprehensive Income 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 claims against the Authority and dilapidations.

2.13 Contingent liabilities

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

2.14 VAT

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

2.15 Interest payable / receivable

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

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

2.16 Inventories

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

2.17 Provision for bad and doubtful debts

All bad and doubtful debts are reviewed on a case by case basis to assess the likelihood of recovery actions being successful. Where appropriate, taking into account 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.

2.18 Cash and cash equivalents

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

2.19 Staff costs

Benefits payable during employment

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

Benefits payable after employment

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

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

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

2.20 Reserves

The Authority operates:

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

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

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

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

3. CRITICAL ACCOUNTING JUDGEMENTS

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

4. SOURCES OF ESTIMATION UNCERTAINTY

Key sources of estimation uncertainty

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

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

- property, plant and equipment as a result of changes in assumptions about useful economic lives. Any reduction in useful economic lives would reduce the assets and increase expenditure;
- pension liabilities as a result of assumptions on discount rates, pay increases and mortality. The assumptions and the impact on reported financial performance of changes in the assumptions are discussed in Note 25;
- staff costs as a result of changes in estimates for holiday pay and time off in lieu. Any increase in the estimates for these items would increase liabilities and expenditure.

5. CORRECTION OF A PRIOR PERIOD ADJUSTMENT

The Authority identified an over-statement of property, plant and equipment at 31 March 2014 and 31 March 2015 as a result of inclusion within property, plant and equipment of items that did not exist and duplication of items. As the Authority has formed the view that the effect of the error is material it has corrected the error retrospectively making appropriate adjustments in the Statement of Comprehensive Income, the Statement of Cashflows, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity and related notes. The overall effect of the restatement is to reduce netbook value of assets as at 31 March 2015 by £5.1m.

Each account line movement associated with the restatement is shown below:

- to reduce netbook value of assets as at 31 March 2015 by £5.1m;
- to reduce Property, Plant and Equipment, Total Non-Current Assets, Assets less Liabilities and the Income and Expenditure Reserve by £12.7m;
- to reduce Depreciation and Amortisation and the Operating Deficit for the year ended 31 March 2016 by £7.6m.

Of the total reduction of net book value of £5.1m, £3.8m related to before 31 March 2014.

	£000
Net book value of PPE and intangible assets as at 31 March 2014 (as previously reported)	56,560
Correction of PPE opening balance by net book value of unsupported items	(4,738)
Correction of intangibles opening balance by net book value of unsupported items	48
Net book value of PPE and intangible assets as at 1 April 2014 (restated)	51,870
Change in net assets for 2014/15 previously reported	3,682
PPE and Intangible items previously capitalised in 2014/15 – corrected to treat as revenue items	(1,319)
Reduction in depreciation charge consequent to in-year and opening balance adjustments	897
Reduction in amortisation charge consequent to in-year and opening balance adjustments	224
Change in gains/(losses) revaluation charge consequent to in-year and opening balance adjustments	(186)
Net book value of PPE and intangible assets as at 31 March 2015 (restated)	55,168
Revaluation Reserve	
Opening balance as at 31st March 2014 (as previously reported)	5,003
Change in revaluation reserve for 2014/15 previously reported	(2,815)
Change in gains/(losses) revaluation charge consequent to in-year and opening balance adjustments	(186)
Revaluation reserve as at 31 March 2015 (restated)	2,002
Statement of comprehensive income	
Total comprehensive surplus/(deficit) for the year ended 31 March 2015 (as previously reported)	(271,423)
PPE items previously capitalised in 2014/15 – corrected to treat as revenue items	(1,319)
Reduction in depreciation charge consequent to in-year and opening balance adjustments	897
Reduction in amortisation charge consequent to in-year and opening balance adjustments	224
Change in gains/(losses) revaluation charge consequent to in-year and opening balance adjustments	(186)
Total comprehensive surplus/(deficit) for the year ended 31 March 2015	(271,807)

6. SEGMENTAL ANALYSIS

The Authority operates as one class of business, that of policing the railways throughout England, Wales and Scotland, and undertakes that class of business in one geographical segment, Great Britain. The Authority has therefore determined that it is not required to provide a segmental analysis of its financial performance or position.

7. INCOME

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

	2015/2016 £000	Restated 2014/2015 £000
Police Service Agreement income	209,285	206,899
Other income		
London Underground Income	56,182	52,852
Enhanced Police Service Agreement Income	16,994	17,967
Recoveries In Respect Of Outward Secondments	-	834
Smaller Funding Agreements	2,091	2,849
Capital Funding	3,828	3,524
Other Income	1,704	1,910
Other income total	80,799	79,936
Total	290,084	286,835

7.1 Police Service Agreement

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

7.2 Enhanced Police Service Agreements

There are a number of PSA holders that request additional policing services that are not provided for under the PSA agreement. This additional service is agreed between the British Transport Police Authority and the customer and referred to as an enhanced police service agreement (EPSA). The enhanced service is charged at full cost in accordance with the specific customer agreement.

7.3 London Underground Agreement

London Underground Income is calculated separately from the PSA Charging Model. BTP negotiates policing requirements with London Underground and they are charged at full cost.

7.4 Other Income

There are a number of smaller contract agreements with other government departments and external bodies. The income received from such customers fund specific initiatives that broadly relate to the prevention of crime and the protection of the wider society on the railway infrastructure. Of these smaller type contract agreements, contributors include Network Rail, TfL, the Home Office, the Home Office Asset Recovery Scheme (ARIS) and other smaller 3rd party contributors.

8. STAFF NUMBERS AND RELATED COSTS

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

9. OTHER EXPENDITURE

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

	Note	2015/2016 £000	Restated 2014/2015 £000
Other staff costs		4,909	4,883
Communications and computers		13,005	12,051
Other		5,322	6,973*
Professional Services		1,540	1,876
Legal and Insurance		1,492	262
Equipment purchases		3,052	2,677
Rentals under operating leases		9,073	8,059
Premises (excluding rentals under operating leases)		7,723	8,039
Transport costs		4,432	4,431
Non-cash items			
Depreciation of property, plant and equipment	10	8,890	8,929**
Amortisation of intangible assets	11	2,371	1,780
(Profit)/Loss on disposal of property, plant and equipment		(44)	9
Provision made in year	17	2,278	180
Bad debt provision		18	-
Total		64,061	60,149

During the year the Authority did not purchase any non-audit services from its auditor, the Comptroller and Auditor General. Included in "Other" is a charge of £106,000 for auditors remuneration for audit work related to 2015/16 (£106,000 for 2014/15).

* Other expenditure includes £1.3m of asset write-offs relating to 2014/2015 which have been expensed to the Statement of Comprehensive Income.

** A £1.1m credit for reversal of depreciation charged against assets written-off is included.

10. PROPERTY, PLANT AND EQUIPMENT

	Restated Leasehold improve-ments £000	Restated Plant and machinery £000	Restated Motor Vehicles £000	Restated Assets under construction – Motor Vehicles £000	Restated Assets under construction – Other £000	Restated Fixtures & fittings £000	Restated IT equipment £000	Restated Total £000
Cost								
At 1 April 2015 as originally stated	47,028	20,585	16,020	47	351	3,644	25,951	113,626
Prior year restatement	(6,729)	(2,341)	71	-	-	(44)	(897)	(9,940)
Revised at 1 April 2015	40,299	18,244	16,091	47	351	3,600	25,054	103,686
Additions	2,580	2,038	-	2,389	213	368	3,894	11,482
Disposals	-	(46)	(1,852)	-	-	-	(97)	(1,995)
Revaluations	(1,299)	(651)	(410)	-	-	(100)	1,592	(868)
Reclassifications	-	-	47	(47)	(351)	351	-	-
At 31 March 2016	41,580	19,585	13,876	2,389	213	4,219	30,443	112,305
Depreciation								
At 1 April 2015 as originally stated	19,839	12,647	7,970	-	-	2,754	16,571	59,781
Prior year restatement	(4,132)	(979)	18	-	-	-	(109)	(5,202)
Revised at 1 April 2015	15,707	11,668	7,988	-	-	2,754	16,462	54,579
Charged in year	1,812	1,657	2,488	-	-	355	2,578	8,890
Disposals	-	(46)	(1,723)	-	-	-	(97)	(1,866)
Revaluations	(531)	(427)	(260)	-	-	(78)	1,054	(242)
At 31 March 2016	16,988	12,852	8,493	-	-	3,031	19,997	61,361
Carrying amount at 31 March 2016	24,592	6,733	5,383	2,389	213	1,188	10,446	50,944
Carrying amount at 31 March 2015	24,592	6,576	8,103	47	351	846	8,592	49,107
Asset Financing								
Owned	24,592	6,733	5,383	2,389	213	1,188	10,446	50,944
Carrying amount at 31 March 2016	24,592	6,733	5,383	2,389	213	1,188	10,446	50,944

10. PROPERTY, PLANT AND EQUIPMENT

	Restated Leasehold improvements £000	Restated Plant and machinery £000	Restated Vehicles £000	Restated Assets under construction – motor vehicles £000	Restated Assets under construction – Other £000	Restated Fixtures & fittings £000	Restated IT equipment £000	Restated Total £000
Cost								
At 1 April 2014 as originally stated	45,021	17,035	12,598	1,684	1,843	3,434	21,639	103,254
Prior year restatement	(6,729)	(2,341)	71	-	-	(44)	(897)	(9,940)
At 1 April 2014 restated	38,292	14,694	12,669	1,684	1,843	3,390	20,742	93,314
Additions	2,457	3,735	3,279	47	351	164	2,640	12,673
Disposals	-	-	(1,411)	-	-	-	(42)	(1,453)
Reclassifications	-	-	1,684	(1,684)	(1,843)	-	1,843	-
Revaluations	(450)	(185)	(130)	-	-	46	(129)	(848)
At 31 March 2015	40,299	18,244	16,091	47	351	3,600	25,054	103,686
Depreciation								
At 1 April 2014 as originally stated	15,107	10,917	7,267	-	-	2,631	15,146	51,068
Prior year restatement	(4,132)	(979)	18	-	-	-	(109)	(5,202)
At 1 April 2014 restated	10,975	9,938	7,285	-	-	2,631	15,037	45,866
Charged in year	3,393	1,831	2,060	-	-	88	1,557	8,929
Disposals	-	-	(1,347)	-	-	-	(42)	(1,389)
Revaluations	1,339	(101)	(10)	-	-	35	(90)	1,173
At 31 March 2015	15,707	11,668	7,988	-	-	2,754	16,462	54,579
Carrying amount at 31 March 2015								
Carrying amount at 31 March 2015	24,592	6,576	8,103	47	351	846	8,592	49,107
Revised carrying amount at 31 March 2014	27,317	4,756	5,384	1,684	1,843	759	5,705	47,448
Asset Financing								
Owned	24,592	6,576	8,103	47	351	846	8,592	49,107
Carrying amount at 31 March 2015	24,592	6,576	8,103	47	351	846	8,592	49,107

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

11. INTANGIBLE ASSETS

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

	Licences £000	Software £000	Wide area network £000	Websites £000	Assets under construction £000	Total £000
Cost						
At 1 April 2015 as originally stated	5,696	4,540	4,680	237	-	15,153
Prior year restatement	(558)	(255)	(276)	-	-	(1,089)
Revised at 1 April 2015	5,138	4,285	4,404	237	-	14,064
Additions	388	2,063	-	98	3,276	5,825
At 31 March 2016	5,526	6,348	4,404	335	3,276	19,889
Amortisation						
At 1 April 2015 as originally stated	3,857	1,855	3,361	67	-	9,140
Prior year restatement	(792)	(211)	(134)	-	-	(1,137)
Revised at 1 April 2015	3,065	1,644	3,227	67	-	8,003
Charged in year	710	815	798	48	-	2,371
At 31 March 2016	3,775	2,459	4,025	115	-	10,374
Carrying amount at 31 March 2016	1,751	3,889	379	220	3,276	9,515
Asset Financing						
Owned	1,751	3,889	379	220	3,276	9,515
Carrying amount at 31 March 2016	1,751	3,889	379	220	3,276	9,515

11. INTANGIBLE ASSETS (CONTINUED)

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

Cost

At 1 April 2014 as originally stated	4,641	2,286	4,680	137	-	11,744
Prior year restatement	(558)	(255)	(276)	-	-	(1,089)
Revised at 1 April 2014	4,083	2,031	4,404	137	-	10,655
Additions	1,055	2,264	-	100	-	3,419
Disposals	-	(10)	-	-	-	(10)
At 31 March 2015	5,138	4,285	4,404	237	-	14,064

Amortisation

At 1 April 2014 as originally stated	3,384	1,594	2,357	35	-	7,370
Prior year restatement	(792)	(211)	(134)	-	-	(1,137)
Revised at 1 April 2014	2,592	1,383	2,223	35	-	6,233
Charged in year	473	271	1,004	32	-	1,780
Disposals	-	(10)	-	-	-	(10)
At 31 March 2015	3,065	1,644	3,227	67	-	8,003

Carrying amount at 31 March 2015	2,073	2,641	1,177	170	-	6,061
Revised carrying amount at 31 March 2014	1,491	648	2,181	102	-	4,422

Asset Financing

Owned	2,073	2,641	1,177	170	-	6,061
Carrying amount at 31 March 2015	2,073	2,641	1,177	170	-	6,061

12. FINANCIAL INSTRUMENTS

BTP has contractual provisions to receive cash payments in return for providing a Policing service and for full cost recovery of BTP expenditure. The various BTP income streams relate to agreements covered by the Police Service Agreement (Under the Railways and Transport Safety Act 2003) and the Enhanced Police Service Agreement, TfL (funding from London Underground), Network Rail, funding from other Transport Operating Contractors, specific revenue funding from the Home Office and the Home Office Asset Recovery Scheme.

Owing to the largely non-trading nature of its activities and the way in which the Authority is financed, the Authority is not exposed to the degree of financial risk faced by 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 PSA holders, and other Government bodies. Therefore the Authority is not exposed to significant liquidity risks.

Interest rate risk

All of the Authority's financial assets and all of its financial liabilities carry nil or fixed rates of interest, 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 2016.

	2015/2016		2014/2015	
	Book Value	Fair Value	Book Value	Fair Value
Primary financial instruments	£000	£000	£000	£000
Financial assets				
Cash at bank	26,142	26,142	28,441	28,441
Trade receivables	10,123	10,123	9,735	9,735
	36,265	36,265	38,176	38,176
Financial liabilities				
VAT payable	766	766	933	933
Other taxation & social security payables	4,048	4,048	3,970	3,970
Trade payables	262	262	483	483
	5,076	5,076	5,386	5,386

13. INVENTORIES

	2015/2016	2014/2015
	£000	£000
Uniforms		
Opening balance	1,615	1,087
Additions	1,145	3,514
Utilisations	(835)	(2,987)
Write Downs	(297)	-
Closing balance	1,628	1,614
Other		
Opening balance	122	122
Write Offs	(122)	-
Closing balance	-	122
Total inventories	1,628	1,736

14. TRADE RECEIVABLES AND OTHER ASSETS

	2015/2016	2014/2015
	£000	£000
Amounts falling due within one year		
Trade receivables	10,123	9,735
Other receivables	1,137	2,222
Prepayments and accrued income	7,388	6,660
Less: Provision for bad and doubtful debts	(139)	(122)
Total	18,509	18,495
Amounts in the above figures due to other entities included in the whole of government account		
Other central government bodies	125	2,482
Local authorities	9,298	11,148
NHS bodies	-	-
Public corporations and trading funds	657	-
Intra-government debtors	10,080	13,630
Bodies external to government	8,429	4,865
Total	18,509	18,495

15. CASH AND CASH EQUIVALENTS

	2015/2016	2014/2015
	£000	£000
Balance at 01 April	28,441	37,259
Net change in cash and cash equivalent balances	(2,299)	(8,818)
Balance at 31 March	26,142	28,441
The following balances at 31 March were held at:		
Government banking service	108	108
Commercial banks and cash in hand	26,034	28,333
Balance at 31 March	26,142	28,441

16. TRADE PAYABLES AND OTHER LIABILITIES

	2015/2016	2014/2015
	£000	£000
Amounts falling due within one year		
VAT payable	766	933
Other taxation & social security payables	4,048	3,970
Trade payables	262	483
Other payables	3,535	154
Accruals & deferred income	29,843	24,353
Total	38,454	29,893
Amounts falling due after more than one year		
Other payables, accruals and deferred income	904	817
	904	817
Amounts in the above figures due to other entities included in the whole of government account		
Other central government bodies	4,833	5,116
Local authorities	2,807	46
NHS bodies	-	-
Public corporations and trading funds	13	-
Intra-government payables and liabilities	7,653	5,162
Bodies external to government	31,708	25,548
Total	39,361	30,710

17. PROVISIONS FOR LIABILITIES AND CHARGES

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at 31 March 2016.

	Claims against the Authority	Employment tribunals	Dilapidations	Other provisions	Total
	£000	£000	£000	£000	£000
Balance at 1 April 2014	357	-	250	512	1,119
Provided in the year	62	-	-	529	591
Provisions utilised during the year	(357)	-	-	(54)	(411)
Balance at 1 April 2015	62	-	250	987	1,299
Provided in the year	913	90	1,740	584	3,327
Provisions not required written back	(62)	-	-	(987)	(1,049)
Balance at 31 March 2016	913	90	1,990	584	3,577

Claims against the Authority

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

Employment tribunals

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

Dilapidations

This provision applies to dilapidations of leasehold properties.

Other provisions

This provision includes an estimate of costs in relation to redundancies and the re-employment of retired police officers that were in breach of tax legislation as well as a provision in relation to costs for the force restructure voluntary severance scheme.

18. CAPITAL COMMITMENTS

As at 31 March 2016 the Authority had the following Capital Commitments:

	2015/2016	2014/2015
	£000	£000
Estates Programme	547	496
Technology / ISP / Information Management / Mobile Solution	539	1,996
Fleet	313	1,177
Other	259	405
Total BTP Funded Capital Programme:	1,658	4,074

19. COMMITMENTS UNDER LEASES

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

Obligations under operating leases for the following periods comprise	2015/2016	2014/2015
	£000	£000
Buildings		
Not later than one year	8,954	7,424
Later than one year and not later than five years	28,852	23,452
Later than 5 years	33,926	33,616
Total operating lease obligations	71,732	64,492

20. OTHER FINANCIAL COMMITMENTS

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

Non-cancellable contracts for the following periods comprise	2015/2016	Restated 2014/15
	£000	£000
Not later than one year	21,266	14,647
Later than one year and not later than five years	20,700	10,033
Later than 5 years	72	13
Total financial commitments	42,038	24,693

21. RELATED PARTY TRANSACTIONS

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

The Authority was invoiced for £84,000 by the Department for Transport in 2015/16 (£49,972 in 2014/15) and as at 31 March 2016 there was nothing outstanding (£Nil at 31 March 2015). The Department for Transport was invoiced by the Authority in 2015/16 for £2,779 (£Nil in 2014/15) and as at 31 March 2016 there was nothing outstanding (£Nil at 31 March 2015).

In addition, The Authority has had a number of transactions with other government departments and other central government bodies. Most of these transactions have been with Network Rail. The Authority was invoiced for £1,564,375 by Network rail in 2015/16 and as at 31 March 2016 there was nothing outstanding. Network Rail was invoiced by the Authority for £84,221,540 in 2015/16 (£85,046,441 in 2014/15) and as at 31 March 2016 £405,407 was outstanding (£2,334,500 in 2015/16).

Paul Crowther is a member of the Board of the National Police Chief's Council. The Authority was invoiced £29,918 and there were no outstanding balances at year end.

Due to its status as a national Police Force, The Authority has received grants from the Home Office totalling £nil in 2015/16 (£nil in 2014/15). The Home Office is regarded as a related party.

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

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

Andrew Pollins is Finance Director at London Underground Limited. In the course of the year the British Transport Police received payments from London Underground Limited of £73,550k and made payments to London Underground Limited of £548k. As at 31 March 2016, £6,491k was due from London Underground Limited. All these sums are payable and receivable within 30 days and not subject to interest.

Dominic Booth is the Managing Director at Abellio Group UK. In the course of the year the British Transport Police received payments from Abellio Group of £18,191k and made payments to Abellio Group UK of £48k. As at 31 March 2016, £6k was due from Abellio Group UK. All these sums are payable and receivable within 30 days and not subject to interest.

Dyan Crowther is the Chief Operating Officer at Thameslink Railway Ltd. In the course of the year the British Transport Police received payments from Thameslink Railway Ltd of £11,703k. As at 31 March 2016, £85k was due from Thameslink Railway Ltd. All these sums are receivable within 30 days and not subject to interest.

22. 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 accounts on behalf of the Authority and the remaining funds on behalf of their respective governing bodies.

Details of these funds are below:

	2014/2015	Gross Inflows	Gross Outflows	2015/2016
	£000	£000	£000	£000
British Transport Police Authority Property Act fund account	35	-	(6)	29
British Transport Police cash seizures account	528	528	(270)	786
Total third party assets	563	528	(276)	815

British Transport Police Authority Property Act fund account

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

23. LOSSES AND SPECIAL PAYMENTS

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

24. RESERVES

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

	Retained Earnings/ Distributable Reserves	Capital financing reserve	Working capital reserve	Contingency reserve	Total income and expenditure reserves	Revaluation reserve	Pension reserves	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Opening balance at 01 April 2014	16,346	38,508	6,500	3,645	64,999	5,003	(356,470)	(286,468)
Net gains/(losses) on revaluation of assets	-	-	-	-	-	(2,021)	-	(2,021)
Actuarial gain/(loss)	-	-	-	-	-	-	(244,830)	(244,830)
Comprehensive income for the year	(24,956)	-	-	-	(24,956)	-	-	(24,956)
Transfer between reserves	29,780	-	-	150	29,930	(980)	(28,950)	-
Changes in Reserves not in SoCI	(144)	-	-	-	(144)	-	-	(144)
Balance at 31 March 2015	21,026	38,508	6,500	3,795	69,829	2,002	(630,250)	(558,419)
Opening balance at 01 April 2015	21,026	38,508	6,500	3,795	69,829	2,002	(630,250)	(558,419)
Net gains/(losses) on revaluation of assets	-	-	-	-	-	(626)	-	(626)
Actuarial gain/(loss)	-	-	-	-	-	-	194,870	194,870
Comprehensive income for the year	(63,402)	-	-	-	(63,402)	-	-	(63,402)
Transfer between reserves	56,035	-	-	-	56,035	(35)	(56,000)	-
Closing balance at 31 March 2016	13,659	38,508	6,500	3,795	62,462	1,341	(491,380)	(427,577)

24. RESERVES (CONTINUED)

Contingency reserve

The contingency reserve was created with the agreement of HM Treasury and the DfT to provide for unexpected events, such as major incidents and crimes, and to reduce the impact of these events on a single year's budget. A ceiling was agreed for the reserve of £3m updated by the retail price index.

Revaluation reserve

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

Pensions Reserve

The pension reserve represents the reverse side of the pension liability reported within the Statement of Financial Position.

Retained Earnings

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

Capital financing reserve

The capital reserve is made up of: the grant funding provided by the DfT that was made specifically to fund BTP Capital Assets; gains from the disposal of assets which are then subsequently released to reinvested back into capital assets; also, income is raised from the PSA holders to fund capital expenditure over the life of the asset. The most significant capital investment by a non-government body was made by network rail to fund the CCTV hub which improves BTP's ability to manage and process CCTV and respond to live events and incidents.

Working capital reserve

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

25. DISCLOSURE OF RETIREMENT BENEFITS

The pension costs associated with staff employed by the Authority during the year are £62.8m (£42.8m in 2014/15). In addition there was a net interest on the pension fund of £20.3m (£15.4m in 2014/15), leaving a net debit in relation of pensions for the year of £83.1m (£58.2m in 2014/15). The total net pension liabilities for all staff, past and present, are shown in the statement of financial position. These amount to £491.4m (£630.3m in 2014/15) net of the fair value of plan assets. HM Treasury have confirmed that the charge or credit to the statement of comprehensive income arising from IAS19 should be excluded from the calculation of the amount to be reclaimed from parties with Police Service Agreements with the Authority

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

The position of the schemes at 31 March 2016 were as follows:

	2015/2016	2014/2015
	£000	£000
Pension liabilities		
British Transport Police Force Superannuation Fund	(430,180)	(555,870)
British Transport Police Section of the Railways Pension Scheme	(61,200)	(74,380)
	(491,380)	(630,250)

The amounts recognised in the statement of comprehensive income are as follows:

	2015/2016	2014/2015
	£000	£000
Pension costs reflected in the statement of comprehensive income		
Current Service Cost - BTPFSF	49,960	34,850
Current Service Cost - RPS	12,810	7,950
Administrative Cost - BTPFSF	2,160	2,010
Administrative Cost - RPS	480	470
	65,410	45,280

	2015/2016	2014/2015
	£000	£000
IAS19 interest reflected in the statement of comprehensive income		
Net Interest - BTPFSF	17,930	13,870
Net Interest - RPS	2,370	1,480
	20,300	15,350
Total amount recognised in the statement of comprehensive income	85,710	60,630

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

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

	Notes	2015/2016	2014/2015
		£000	£000
IAS 19 pension adjustment reported in the statement of cash flow			
BTPFSF			
Current service cost	25D	49,960	34,850
Administrative expenses and taxes	25D	2,160	2,010
		52,120	36,860
RPS			
Current service cost - RPS	25D	12,810	7,950
Administrative expenses and taxes	25D	480	470
		13,290	8,420
Total I&E expenses		65,410	45,280
Less employer contributions			
- Employer contributions BTPFSF	25B	24,330	26,730
- Employer contributions RPS (including BRASS matching)	25B	5,380	4,950
Total employer contributions		29,710	31,680
Total IAS 19 pension adjustment reported in the statement of cash flow		35,700	13,600

25. BRITISH TRANSPORT POLICE FORCE SUPERANNUATION FUND

A. Change in defined benefit obligation

	2015/2016	2014/2015
	£000	£000
Defined benefit obligation at end of the prior year	1,647,430	1,285,710
Current service cost	49,960	34,850
Interest expense	53,710	57,040
Cash flows		
- Benefits payments from plan	(52,070)	(48,880)
- Participant contributions	12,400	11,570
Remeasurements		
- Effect on changes in demographic assumptions	(11,720)	(11,410)
- Effect of changes in financial assumptions	(144,240)	278,500
- Effect of experience adjustments	-	40,050
Defined benefit obligation at end of year	1,555,470	1,647,430

B. Changes in fair value of plan assets

	2015/2016	2014/2015
	£000	£000
Fair value of plan assets at end of the prior year	1,091,560	964,500
Interest Income	35,780	43,170
Cash flows		
- Employer contributions	24,330	26,730
- Government support payments	-	-
- Participant contributions	12,400	11,570
- Benefits payments from plan	(52,070)	(48,880)
- Administrative expenses paid from plan assets	(2,160)	(2,010)
Return on plan assets (excluding interest income)	15,450	96,480
Fair value of plan assets at end of year	1,125,290	1,091,560

C. Amounts recognised in the statement of financial position

	2015/2016	2014/2015
	£000	£000
Defined benefit obligation	1,555,470	1,647,430
Fair value of plan assets	(1,125,290)	(1,091,560)
Net liability	430,180	555,870

D. Components of defined benefit cost

	2015/2016	2014/2015
	£000	£000
Service Cost		
- Current service cost	49,960	34,850
Total service cost	49,960	34,850
Net interest cost		
- Interest expense on defined benefit obligation	53,710	57,040
- Interest (income) on plan assets	(35,780)	(43,170)
Total net interest cost	17,930	13,870
Administrative expenses and taxes	2,160	2,010
Defined benefit cost included in the statement of comprehensive income	70,050	50,730
Remeasurements (recognised in other comprehensive income)		
- Effect on changes in demographic assumptions	(11,720)	(11,410)
- Effect of changes in financial assumptions	(144,240)	278,500
- Effect of experience adjustments	-	40,050
- (Return) on plan assets (excluding interest income)	(15,450)	(96,480)
Total remeasurements included in other comprehensive income	(171,410)	210,660
Total defined benefit cost recognised in statement of comprehensive income and other comprehensive income	(101,360)	261,390

The Authority expects to contribute around £19.10m to this pension scheme in the year ending 31 March 2017 (£26.70m in the year ended 31 March 2016).

E. Net defined benefit liability (asset) reconciliation

	2015/2016	2014/2015
	£000	£000
Net defined benefit liability (asset)	555,870	321,210
Defined benefit cost included in the statement of comprehensive income	70,050	50,730
Total remeasurements included in other comprehensive income	(171,410)	210,660
Employer contributions	(24,330)	(26,730)
Net defined benefit liability (asset) as of end of year	430,180	555,870

F. Defined benefit obligation

	2015/2016	2014/2015
	£000	£000
Defined benefit obligation by participant status		
- Actives	875,660	913,880
- Vested deferreds	68,800	73,000
- Retirees	611,010	660,550
Total	1,555,470	1,647,430

G. Plan assets

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

The 'other' category includes infrastructure, hedge funds, directly held investments, investments in illiquid growth funds and the present value of government support payments.

	2015/2016	2014/2015
	£000	£000
Fair value of plan assets		
- Cash and cash equivalents	100,990	175,070
- Equity instruments	465,550	457,590
- Debt instruments	305,970	216,620
- Real estate	104,390	102,990
- Investment funds	20,460	20,180
- Other	127,930	119,110
Total	1,125,290	1,091,560

H. Significant actuarial assumptions

	2015/2016	2014/2015
Weighted average assumptions to determine benefit obligations		
Discount rate	3.60%	3.30%
Rate of price inflation (RPI)^	3.10%	3.10%
Rate of price inflation (CPI)^	2.10%	2.10%
Rate of increase in salaries	3.10%*	3.10%**
Rate of pension increases	2.10%	2.10%

Assumed life expectations on retirement at age 65.

	2015/2016	2014/2015
Retiring today (male member age 65)	22.1	22.3
Retiring today (female member age 65)	24.6	24.0
Retiring in 20 years (male member age 45 today)	23.8	24.8
Retiring in 20 years (female member age 45 today)	26.5	26.7

The expected future lifetime of a male pensioner aged 65 is 22.1 years. For a future pensioner retiring in 20 years, this increases to 23.8 years.

The actuarial update as at 31 March 2016 shows an increase in the shortfall from £555.87m to £430.18m.

* Allowance has been made for short term pay increases of 1% each year for the 4 years following the measurement date. Then increases 3.10% pa thereafter.

** Allowance has been made for short term pay increases of 1%, 2%, 2% and 2% in years 1, 2, 3 and 4 after the measurement date respectively. Then increases of 3.10% pa thereafter.

^ The actuarial model uses both RPI and CPI. RPI is used to estimate price increases whilst CPI is used to estimate benefit increases. Both indexes are used in the model as the RPI projection is derived from market evidence whereas the CPI figure is derived from estimated long-term difference between RPI and CPI.

I. Sensitivity analysis

	2015/2016	2014/2015
	£m	£m
Net liability (asset), excluding any effect of asset limit		
Base	430.18	555.87
Discount rate		
- Discount rate -25 basis points	514.81	648.75
- Assumption	3.35%	3.05%
- Discount rate +25 basis points	351.43	469.69
- Assumption	3.85%	3.55%
Inflation rate		
- Inflation rate -25 basis points	350.28	471.18
- Assumption	1.85%	3.30%
- Inflation rate +25 basis points	515.45	646.42
- Assumption	2.35%	3.30%
Mortality		
- Mortality	466.33	594.11
- Assumption	plus one year age rating	plus one year age rating

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

Analysis of net statement of financial position	£m		Sensitivities from Base Financial Year (FY) 2016 (one item changed with all other things held constant)		Sensitivities from Base Financial Year (FY) 2016 (one item changed with all other things held constant)	
	FY 2015	Base FY 2016	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate
Fair value of plan assets	1,091.56	1,125.29	1,125.29	1,125.29	1,125.29	1,125.29
Present value of benefit obligation	1,647.43	1,555.47	1,640.10	1,476.71	1,475.57	1,591.62
Net liability (asset), excluding any effect of asset limit	555.87	430.18	514.81	351.42	350.28	466.33
Analysis of projected pension cost	£m		Sensitivities from Base FY 2017 (one item changed with all other things held constant)		Sensitivities from Base FY 2017 (one item changed with all other things held constant)	
	Actual FY 2016	Base FY 2017	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate
Current service cost	49.96	43.37	47.43	39.65	39.55	44.37
Interest cost	53.71	55.30	54.29	56.10	52.42	56.60
Expected return on plan assets	(35.78)	(40.15)	(37.36)	(42.94)	(40.15)	(40.15)
Administrative expenses and taxes	2.16	2.16	2.16	2.16	2.16	2.16
Total pension cost before asset limits	70.05	60.68	66.52	54.97	53.98	62.98
Actuarial assumptions	£m		Sensitivities from Base FY 2017 (one item changed with all other things held constant)		Sensitivities from Base FY 2017 (one item changed with all other things held constant)	
	FY 2015	Base FY 2016	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate
Discount rate	3.30%	3.60%	3.35%	3.85%	3.60%	3.60%
Rate of RPI assumption	3.10%	3.10%	3.10%	3.10%	2.85%	3.10%
Rate of CPI assumption	2.10%	2.10%	2.10%	2.10%	1.85%	2.10%
Rate of salary increase*	3.10%**	3.10%**	3.10%**	3.10%**	2.85%*	3.10%*
Mortality Table	In line with the actuarial valuation as at 31 December 2012		In line with the actuarial valuation as at 31 December 2012 but using the 2015 Continuous Mortality Investigation (CMI) model		In line with the actuarial valuation as at 31 December 2012 but using the 2015 CMI model	
	In line with the actuarial valuation as at 31 December 2012	In line with the actuarial valuation as at 31 December 2012 but using the 2015 CMI model	In line with the actuarial valuation as at 31 December 2015 CMI model	In line with the actuarial valuation as at 31 December 2012 but using the 2015 CMI model	In line with the actuarial valuation as at 31 December 2012 but using the 2015 CMI model	In line with the actuarial valuation as at 31 December 2012 but using the 2015 CMI model less one year age adjustment

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

** Allowance has been made for short term pay increases of 1%, 2%, 2% and 2% in years 1, 2, 3 and 4 after the measurement date respectively. Then increases of 3.10% per annum thereafter.

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

British Transport Police Section of the Railways Pension Scheme

A. Change in defined benefit obligation

	2015/2016	2014/2015
	£000	£000
Defined benefit obligation at end of the prior year	177,940	120,370
Current service cost	12,810	7,950
Interest expense	5,880	5,420
Cash flows		
- Benefits payments from plan	(3,010)	(3,430)
- Participant contributions	3,560	3,290
Remeasurements		
- Effect on changes in demographic assumptions	(1,410)	970
- Effect of changes in financial assumptions	(19,990)	40,660
- Effect of experience adjustments	-	2,710
Defined benefit obligation at end of year	175,780	177,940

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

	2015/2016	2014/2015
	£000	£000
Fair value of plan assets at end of the prior year	103,560	85,110
Interest Income	3,510	3,940
Cash flows		
- Employer contribution (including BRASS matching)	5,380	4,950
- Participant contributions	3,560	3,290
- Benefits payments from plan	(3,010)	(3,430)
- Administrative expenses paid from plan assets	(480)	(470)
Return on plan assets (excluding interest income)	2,060	10,170
Fair value of plan assets at end of year	114,580	103,560

C. Amounts recognised in the statement of financial position

	2015/2016	2014/2015
	£000	£000
Defined benefit obligation	175,780	177,940
Fair value of plan assets	(114,580)	(103,560)
Net liability	61,200	74,380

D. Components of defined benefit cost

	2015/2016	2014/2015
	£000	£000
Service Cost		
Current service cost	12,810	7,950
Total service cost	12,810	7,950
Net interest cost		
- Interest expense on defined benefit obligation	5,880	5,420
- Interest (income) on plan assets	(3,510)	(3,940)
Total net interest cost	2,370	1,480
Administrative expenses and taxes	480	470
Defined benefit cost included in the statement of comprehensive income	15,660	9,900
Remeasurements (recognised in other comprehensive income)		
- Effect of changes in financial assumptions	(19,990)	40,660
- Effect of experience adjustments	-	2,710
- (Return) on plan assets (excluding interest income)*	(2,060)	(10,170)
- Net measurement regains/ (losses) - demographic	(1,410)	970
Effect of asset limitation and IAS minimum funding requirement	-	-
Effect of asset limitation and IAS minimum funding requirement	-	-
Total remeasurements included in other comprehensive income	(23,460)	34,170
Total defined benefit cost recognised in statement of comprehensive income and other comprehensive income	(7,800)	44,070

The Authority expects to contribute around £4.90m to this pension scheme in the year ending 31 March 2017 (£5.38m in the year ended 31 March 2016).

E. Net defined benefit liability (asset) reconciliation

	2015/2016	2014/2015
	£000	£000
Net defined benefit liability (asset)	74,380	35,260
Effect of changes in demographic assumptions	15,660	9,900
Total defined benefit cost recognised in the SoCI and OCI	(23,460)	34,170
Employer contributions	(5,380)	(4,950)
Net defined benefit liability (asset) as of end of year	61,200	74,380

F. Defined benefit obligation

	2015/2016	2014/2015
	£000	£000
Defined benefit obligation by participant status		
- Actives	118,370	115,870
- Vested deferreds	36,610	39,370
- Retirees	20,800	22,700
Total	175,780	177,940

G. Plan assets

The Scheme invests in a number of multi-asset pooled funds, including a growth pooled fund and a defensive pooled fund. The 'other' category includes infrastructure, hedge funds, re-insurance, directly held investments and investments in illiquid growth funds.

	2015/2016	2014/2015
	£000	£000
Fair value of plan assets		
- Cash and cash equivalents	11,800	15,350
- Equity instruments	53,990	49,930
- Debt instruments	21,690	13,770
- Real estate	12,080	11,250
- Investment funds	2,370	2,200
- Other	12,650	11,060
Total	114,580	103,560

H. Significant actuarial assumptions

Weighted average assumptions to determine benefit obligations	2015/2016	2014/2015
Discount rate	3.60%	3.30%
Rate of price inflation (RPI)^	3.10%	3.10%
Rate of price inflation (CPI)^	2.10%	2.10%
Rate of increase in salaries	3.10%*	3.10%**
Rate of pension increases	2.10%	2.10%

Assumed life expectancies on retirement at age 65 are	2015/2016	2014/2015
Retiring today - males	21.6	21.8
Retiring today - females	23.2	23.4
Retiring in 20 years time - males	23.8	24.0
Retiring in 20 years time - females	25.6	25.8

The expected future lifetime of a male pensioner aged 65 is 21.6 years. For a future pensioner retiring in 20 years, this increases to 23.8 years.

The actuarial update as at 31 March 2016 shows an increase in the shortfall from £74.38m to £61.20m.

* Allowance has been made for short term pay increases of 1% per year for the first 4 years after the measurement date. Then increases of 3.10% pa thereafter.

** Allowance has been made for short term pay increases of 1%, 2%, 2% and 2% in years 1, 2, 3 and 4 after the measurement date respectively. Then increases of 3.10% pa thereafter.

^ The actuarial model uses both RPI and CPI. RPI is used to estimate price increases whilst CPI is used to estimate benefit increases. Both indexes are used in the model as the RPI projection is derived from market evidence whereas the CPI figure is derived from estimated long-term difference between RPI and CPI.

I. Sensitivity analysis

	2015/2016	2014/2015
	£m	£m
Net liability (asset), excluding any effect of asset limit		
Base	61.20	74.38
Discount rate		
- Discount rate -25 basis points	74.72	88.45
- Assumption	3.35%	3.05%
- Discount rate +25 basis points	48.80	61.52
- Assumption	3.85%	3.55%
Inflation rate		
- Inflation rate -25 basis points	48.85	62.01
- Assumption	2.85%	2.85%
- Inflation rate +25 basis points	74.59	87.81
- Assumption	3.35%	3.35%
Mortality		
- Mortality	66.33	78.24
- Assumption	plus one year age rating	plus one year age rating

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

Analysis of net statement of financial position	£m			Sensitivities from Base FY 2016 (one item changed with all other things held constant)		Sensitivities from Base FY 2017 (one item changed with all other things held constant)	
	FY 2015	Base FY 2016	FY 2017	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate
Fair value of plan assets	103.56	114.58	119.55	114.58	114.58	114.58	114.58
Present value of benefit obligation	177.94	175.78	175.78	189.30	163.38	163.43	189.17
Net liability (asset), excluding any effect of asset limit	74.38	61.20	14.54	74.72	48.80	48.85	74.59
Analysis of projected pension cost							
Current service cost	12.81	11.95	11.95	13.21	10.82	10.73	13.32
Interest cost	5.88	6.33	6.33	6.35	6.29	5.89	6.81
Expected return on plan assets	(3.51)	(4.22)	(4.22)	(3.92)	(4.51)	(4.22)	(4.22)
Administrative expenses and taxes	0.48	0.48	0.48	0.48	0.48	0.48	0.48
Total pension cost before asset limits	15.66	14.54	14.54	16.12	13.08	12.88	16.39
Actuarial assumptions							
Discount rate	3.30%	3.60%	3.60%	3.35%	3.85%	3.60%	3.60%
Rate of RPI assumption	3.10%	3.10%	3.10%	3.10%	3.10%	2.85%	3.35%
Rate of CPI assumption	2.10%	2.10%	2.10%	2.10%	2.10%	1.85%	2.35%
Rate of salary increase*	3.10%**	3.10%**	3.10%**	3.10%**	3.10%**	2.85%**	3.35%**
Mortality Table							
	In line with the actuarial valuation as at 31 December 2013	In line with the actuarial valuation as at 31 December 2013 but using the 2015 CMI model	In line with the actuarial valuation as at 31 December 2013 but using the 2015 CMI model	In line with the actuarial valuation as at 31 December 2013 but using the 2015 CMI model	In line with the actuarial valuation as at 31 December 2013 but using the 2015 CMI model	In line with the actuarial valuation as at 31 December 2013 but using the 2015 CMI model	In line with the actuarial valuation as at 31 December 2013 but using the 2015 CMI model less one year age adjustment

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

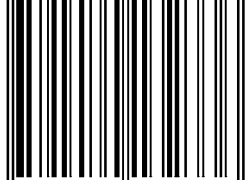
** Allowance has been made for short term pay increases of 1%, 2%, 2% and 2% in years 1, 2, 3 and 4 after the measurement date respectively. Then increases of 3.10% per annum thereafter.

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



Notes

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