British Transport Police Authority

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Report to:	Audit Committee
Agenda item:	5
Date:	20 March 2012
Subject:	BTPA Risk Register
Sponsor:	Authority Finance Director
For:	Noting

1. Purpose of paper

1.1 To update Members of the Audit Committee on the progress of the BTPA Strategic Risk Register (SRR). The SRR was last submitted to the Audit Committee on 6 December 2012.

1.2 The Chief Executive, Authority Finance Director and members of the Authority Senior Management Team (SMT) have met and reviewed the existing operational and strategic risks. It was agreed by SMT that the operational risks would not be presented to the Audit Committee.

2. Work completed

2.1 The Authority's SRR is detailed in Appendix A.

2.2 The risks were last reviewed and updated by the SMT in early March 2012. The register is reviewed and updated regularly.

2.3 No risks have currently been escalated by the BTP for inclusion on the BTPA Strategic Risk Register.

3. Table of strategic risk ratings

The following table indicates the current ratings of all Authority strategic risks. One risk has been closed since the last Audit Committee meeting – ASR 58 - The Pension scheme for police staff at the end of 2010 may lead to a deficit. The Authority proposed that the surplus of £7.5m be retained and that the joint contribution rates for the scheme remained static. This has been agreed by the Trustee and therefore this risk is now **CLOSED** with no adverse effect of the budget going forward.

←----Probability---->	Probable and imminent (4)				
	Probable (3)	ASR 51		ASR 50 ASR 52	ASR 53
	Possible (2)		ASR 56		ASR 57 ASR 59
	Remote (1)	ASR 58 - CLOSE			
Impact --------->		Minor (1)	Moderate (2)	Significant (3)	Major (4)
* Risks are now considered ALARP					

The risks can be grouped into the following areas:

- Pensions;
- Current charging regime to March 2013 and
- PSA contracts and charging post 2013/14 and
- Budgetary constraints.

A number of the risks can only be managed to a certain level and the Authority highlights those outside of our control to the DfT. We continue to share our strategic risk registers with the DfT at our bi-monthly meetings.

Pension risks

(ASR57 & AS 58))

- Investment Risk in relation to the pension scheme – Meetings have been held between RPMI and Punter Southall to discuss the timings and the agreed re-balancing and hedging proposals with the fund. The divestment out of equities is being actioned by the RPS trustee.
- Valuation of the Police Staff scheme – the surplus has now been agreed by the Authority and the Trustee. The proposal to maintain the joint contribution rates despite having a surplus has been agreed by the Trustee. **This risk can now be closed**.

Risks of the post 2013/14 PSA and charging regime

(ASR50, ASR51, ASR52, ASR56 and ASR59)

- Failure to have PSA in place for March 2013 – A number of consultation meetings have taken place between BTPA and PSA holders, where the keys issues are being raised. BTPA have also received a number of written responses including a collective response from ATOC. The issues and concerns that are being raised with the respectively responses will be presented to the Authority meeting on 29 March 2012.
- Failure to have a charging regime with effect from April 2013 – This risk is linked to having a revised PSA in place. No alternative charging models have been proposed. A change to the charging mechanism used for freight operators has been agreed by the Authority and is due to be implemented for the 2013/14 model run. Additional refinements to the processing of data are also being examined.
- Successful challenges to the new charging regime post 2013/14 lead to a budget deficit – The actions and updates to mitigate the risks of ASR50 and ASR51 support the work to mitigate this risk. Although the new clause proposed by the DfT to distribute any shortfall amongst the other PSA holders and included in the PSA currently being consulted on, should mitigate this risk if accepted by the PSA holders. However there will be winners and losers when the matrix model is applied to the current fixed proportion PSA holders and major losers may decide to challenge either the model or the contract.
- London Underground Charges and Governance – a draft agreement is currently being negotiated. An advanced draft will be presented to the Authority meeting on 29 March 2012. The agreement may also require endorsement from the TfL board; TfL staff are confirming whether or not this is the case.
- The 2012-13 charging model imposes increased charges for some PSA holders who may subsequently challenge the model – This is a new risk. The charges for the 2012/13 have been calculated using the Matrix Model and are due to be presented to Finance Group on 16 March and to the full Authority meeting on 29 March 2012 for approval. The movement in charges for individual PSA holders can be explained, and a short explanation will be included in the PSA holders charging letters.

Other Risks (ASR53)

- The outcome of the CSR and the McNulty review may reduce the revenue and capital that the BTPA can raise – The Command paper was published on 8 March 2012, and is being reviewing to ascertain the implications on BTP/A. DfT have been briefed in relation to the Authority views.

4. Potential new risks

4.1 A new potential strategic risk should be considered in relation to the forthcoming changes to Police Regulations. The new Regulations will come into existence within Home Office forces in November 2012, and the risk would be that BTP officers will be subject to different and out of date Regulations. BTPA are waiting to receive a response back from the DfT as to process concerning this, as it is unclear if a statutory instrument is required. BTPA are currently unable to draft new Regulations for BTP until the Home Office have released their version, which are not due until April 2012.

4.2 The impact of the new Police and Crime Commissions (PCC) on BTP/A is currently unknown; therefore have the potential of being a future risk. A paper is due at the Authority meeting in March 2012 highlighting the issues concerning Police Reform. Within the paper BTPA will be leading on specific work streams, namely Chief Officer Appointments, Policing Protocol and PCC.

5. Recommendation

The Committee is asked to note the attached strategic risks,