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Report to:	Police Authority
Agenda item:	16
Date:	29 March 2012
Subject:	BTPA Risk Register
Sponsor:	Authority Finance Director
For:	Noting

1. Purpose of paper

1.1 To update Members of the Authority on the progress of the BTPA Strategic Risk Register (SRR). The SRR was last submitted to the Authority in December 2011.

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. The strategic risks were presented and discussed by the Audit Committee on 20 March 2012.

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 now 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. An update on the risks that are assessed at red and amber are set out below

Pension risks

- ASR 57 – AMBER - 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.

Risks of the post 2013/14 PSA and charging regime

- ASR50 - RED - 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.
- ASR52 – RED - 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.

- ASR56 - AMBER - LU 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.
- ASR59- AMBER - 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

- ASR 53 – RED - 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 The Audit committee discussed a number of potential risks around the forthcoming changes to Police Regulations and the impact of the new Police and Crime Commissions (PCC) on BTP/A. These will be assessed by the Executive SMT over the coming months to decide whether they are considered to be strategic risks.

5. Recommendation

The Committee is asked to note the attached strategic risks,