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British Transport Police Authority

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Report to:	Police Authority
Agenda item:	8.2
Date:	12 June 2012
Subject:	BTPA Strategic 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 and scrutinised by the Audit Committee on 31 May 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 on the 3 May 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. Since the last meeting, risks ASR51 (failure of BTPA to have a charging mechanism in place by 1 April 2013) and ASR53 (outcome of Comprehensive spending review), are considered ALARP.

←----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)				
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)

- Investment Risk in relation to the pension scheme – Meetings have been held with RPMI where the timing strategy has been discussed. The strategy will be changed once the unauthorised pensions issue has been satisfactory completed.

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 – BTPA have received a number of written responses to the consultation, and individual responses have been prepared and are awaiting

approval. The key issues that have been raised have been shared with the DfT.

- Failure to have a charging regime with effect from April 2013 – This risk has been moved to ALARP. Meetings have taken place with those PSA holders who requested them where the charging model was explained in detail. For those PSA holders currently charged via fixed proportion mechanism, they will shortly receive notification of what their 2012/13 charges would have been if based on the charging model to assist in their budget setting processes for 2013/14.
- Successful challenges to the new charging regime post 2013/14 lead to a budget deficit – The wording within clause 5.5(d) of the new PSA, if agreed will not result in BTPA having a budget deficit. To enable this risk to be mitigated further is dependant on the risk rating and mitigating actions taking place for ASR50 and ASR51.
- London Underground Charges and Governance – A number of meetings have taken place in connection with this where TfL have requested further clarification on a few items. These are currently being dealt with. It is anticipated that the new pan London agreement will be in place by 30 June 2012.
- The 2012-13 charging model imposes increased charges for some PSA holders who may subsequently challenge the model – All 2012-13 charging letters were sent to the PSA holders by 30 March 2012. No issues or queries have been received by BTPA in relation to them. All major PSA holders have paid at least one of the two invoices raised regarding the 2012/13 charges, therefore we consider that this risk can be closed at the next Audit Committee..

Other Risks (ASR53)

- The outcome of the CSR and the McNulty review may reduce the revenue and capital that the BTPA can raise – The Strategy Group are leading on this, and this is where the MTFP was presented. This is now considered ALARP.

4. Potential new risks

4.1 At the last Audit meeting two potential risks were raised around forthcoming changes to Police Regulations. and the impact of the new Police and Crime Commissions (PCC) on BTP/A. This was discussed and although it is an important and high priority to the Authority, it is not considered to be a strategic risk.

4.2 A potential risk around EPSAs has been highlighted, which relates to the obligation to a new franchisee to assume an existing EPSA with the previous franchisee in the rail re-franchising process. This has been raised with the DfT Sponsorship team and will be assessed at our next risk meeting in the Executive. Although it is worth noting that of the current EPSAs in place £2m relate to franchises and the remaining £14m relate to users not in franchises, such as TfL and Network Rail.

5. Recommendation

The Committee is asked to note the attached strategic risks.