

Report to: Police Authority
Agenda item: 10.2
Date: 2 November 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 Audit Committee on 26 September 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.

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 6 September 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.
- 2.4 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 sponsorship meetings.

3. Table of strategic risk ratings

The following table indicates the current ratings of all Authority strategic risks. Since the last meeting, risks ASR59 (The 2012-13 charging model imposes increased charges for some PSA holders who subsequently challenge the model) has been closed.

↑ Probability ↓	Probable and imminent (4)				
	Probable (3)			ASR 50 ASR 52	
	Possible (2)		ASR 56		ASR 57
	Remote (1)				
Impact ----->		Minor (1)	Moderate (2)	Significant (3)	Major (4)
* Risks are now considered ALARP					

All the risk ratings remain unchanged since the last Audit Committee. The risks can be grouped into the following areas:

- Pensions;
- PSA contracts and charging post 2013/14 and
- Budgetary constraints.

Pension risks

(ASR57)

- Investment Risk in relation to the pension scheme - A paper has been prepared and a Pension Sub-group meeting is due to take place on 13 November 2012 where this will be discussed along with the impact of the Hutton Report and auto enrolment. The Authority and BTP need to consider the latest announcement from the Government to move away from a final salary scheme to career average schemes.

Risks of the post 2013/14 PSA and charging regime

(ASR50, ASR52 and ASR56)

- Failure to have a signed PSA in place by April 2013 leads to PSA holders being in breach of licence requirement (ASR50) and successful challenges to the new charging regime post 2013/14 lead to a budget deficit - the Authority have received feedback from ATOC and are currently reviewing the feedback that has been received to date. The new PSA is currently with

the Secretary of State following the reshuffle, and officials are due to brief the Ministers in early October.

- London Underground Charges and Governance – the only outstanding issue concerning the PSA relates to the indemnity for insurance. BTP are meeting their insurance providers to agree the additional charges.

4. Potential new risks

- 4.1 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 formally raised with the DfT Sponsorship team and will be assessed at our next risk meeting in the Executive.
- 4.2 The Audit Committee agreed that a new risk will be added regarding the valuation of the Police Officers pension scheme as at 31 December 2012. The last formal valuation took place as at December 2009 and the scheme had a deficit of £36 million and a recovery plan was agreed with the Pensions Trustee and the Pensions Regulator in March 2011. The financial position has deteriorated since then. The work being undertaken as part of the Hutton review will support any assumptions and additional recovery plan required.

5. Recommendation

The Committee is asked to note the attached strategic risks.