

**Report to:** Audit and Risk Assurance Committee  
**Agenda item:** 8.2  
**Date:** 18 September 2013  
**Subject:** BTPA Risk Assurance  
**Sponsor:** Authority Finance Director  
**For:** Noting

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## 1. Purpose of paper

- 1.1 To update Members of the Audit and Risk Assurance Committee on the progress of the BTPA Strategic Risk Register (SRR) and to provide assurance that the risks identified are being managed appropriately. The SRR was last submitted to the Audit Committee on 31 May 2013.
- 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 2013. The register is reviewed and updated regularly.
- 2.3 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.

### 3. Table of strategic risk ratings

The following table indicates the current ratings of all Authority strategic risks.

↑ Probability ↓	Probable and imminent (4)	ASR 60/ 57			
	Probable (3)			ASR 50 ASR 52	
	Possible (2)		ASR 56 ASR 61	ASR 63	ASR 62 ASR 64
	Remote (1)				
Impact ----->		Minor (1)	Moderate (2)	Significant (3)	Major (4)
* Risks are now considered ALARP					

The rating for ASR 60/57 was reviewed at the last meeting, and due to the size of the deficit being lower than previously expected the impact has changed from 4 (major) to 1 (minor). A number of the risk closure dates have been reviewed and amended according. The risks can be grouped into the following areas:

- Pensions;
- PSA contracts and charging post 2013/14
- PCC
- EPSA Contracts
- Legal anomalies (escalated from the BTP register)

#### **Pension risks**

(ASR60)

- Valuation of the Police Officer scheme - The valuation assumptions have been agreed by the Authority and the valuation has resulted in a £18m deficit. The results of the valuation will be presented to the September Authority meeting and will be subject to agreement by the Trustee. This allows for 15% of the on risk assets to be de-risked. Once agreed the review of the Police Officer pension scheme will be completed.

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### **Risks of the post 2013/14 PSA and charging regime**

(ASR50, ASR52, ASR56 and ASR62)

- 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 (ASR 52) - Currently there is still one PSA yet to be signed, but payment is being received by BACS. DfT are aware of this issue. The remaining core PSA holders are paying via direct debit.
- London Underground Charges and Governance (ASR 56) - The agreement between TfL and BTPA has been with DfT awaiting approval since January. A meeting has taken place between the Authority, TfL and Weightmans to discuss the proposed DfT amendments.
- The 2013-14 charging model imposes increased charges for some PSA holders who subsequently challenge the model (ASR 62) - No challenges have been received to date and it is recommended to the Committee that this risk is closed at the December meeting, unless there have been any developments.

### **PCC**

(ASR61)

- PCC - Failure of the Authority to influence the PCCs in respect of the Authority and BTPs responsibilities - This forms part of the communication strategy which was approved in July. The strategy includes proactive engagement. The Authority has been approach by Lancashire PCC for a meeting to with the Authority Chair and Chief Executive.

### **EPSA Contracts**

(ASR63)

- EPSA contracts not signed - Currently there are three EPSAs that have no formal agreement in place, two with Southern and one for funding from Network Rail. The Southern EPSAs are still with Southern awaiting signature. The Network Rail EPSA is in draft, but due to the funding being capped for the period of the agreement the wording of the contract needs amending. The EPSA with HS1 is also in draft and with the DfT due to a specific clause. The current extension is due to expire on 30 September. The EPSA for TfL/LU is awaiting agreement by the DfT as it is part of the new TfL/LU contract.

## **Legislation Anomalies**

(ASR64)

- Legislation anomalies that do not recognise BTP as a Police Force – This issue has been raised with the DfT at a bi-monthly meeting due to its far-reaching impact. BTP have identified a number of workarounds for specific anomalies and are currently addressing each anomaly as it becomes an issue.

## **4. Potential new risks**

- 4.1 There are a number of potential new risks that need to be highlighted to the Committee for consideration.
- 4.2 A potential risk is associated with the implementation of the new strategy and operating model and its impact on business as usual, the stakeholders and the impact on the charging model.
- 4.3 Alongside this, the current triennial review that has commenced could be considered a strategic risk for the Authority because at present the outcome of the review is unknown. Nor is the impact this will have with the Transport Select Committee.

## **5. Recommendation**

- 5.1 The Committee is asked to note the attached strategic risks and to agree to close ASR62.