

**PERFORMANCE & AUDIT COMMITTEE MEETING
FRIDAY 20TH NOVEMBER 2015 AT 10:00AM
SESTRAN OFFICES, 130 EAST CLAREMONT STREET, EDINBURGH, EH7 4LB**

Tea and coffee will be served from 9.30am.

1. Order of Business
2. Apologies
3. Declarations of Interest

AGENDA A – POINTS FOR DECISION

- A1. Minutes of the Performance & Audit Committee – Friday 11^h September 2015
- A2. Matters Arising
- A3. Draft Budget 2016/17 Financial Planning
- A4. Mid Term Treasury Review
- A5. Risk Report
4. AOCB
5. Date of Next Meeting
TBC

PERFORMANCE & AUDIT COMMITTEE MEETING

**HELD IN SESTRAN OFFICES, 130 EAST CLAREMONT STREET, EDINBURGH
ON FRIDAY, 11TH SEPTEMBER, 2015
10.00 A.M. – 10.30 A.M.**

PRESENT:	<u>Name</u>	<u>Organisation Title</u>
	Councillor Gordon Edgar	Scottish Borders Council
	Councillor Joe Rosiejak	Fife Council
	John Jack	SEStran Non-Councillor Member
	Sandy Scotland	SEStran Non-Councillor Member

IN ATTENDANCE:	<u>Name</u>	<u>Organisation Title</u>
	Alex Macaulay	SEStran Partnership Director
	Carol Foster	Audit Scotland
	Iain Shaw	City of Edinburgh Council (Treasurer)
	Craig Beattie	City of Edinburgh Council
	Mike Melville	Fife Council

Action by

1. ORDER OF BUSINESS

The Chair confirmed that the Order of Business was as per the agenda.

2. APOLOGIES

Apologies were received from Councillors Donald Balsillie (Clackmannanshire Council), Councillor Tony Boyle (West Lothian Council), Councillor Jim Bryant (Midlothian Council) and Councillor Michael Veitch (East Lothian Council).

The Chair asked the Committee to note that Councillor Balsillie had offered to join the meeting by telephone if the meeting would otherwise have been inquorate.

3. DECLARATIONS OF INTERESTS

No declarations of interest were made.

A1/.

A1 MINUTES

The minutes of the Performance & Audit meeting of Friday 5th June, 2015 were noted and approved as a correct record.

A2 MATTERS ARISING

None.

A3 AUDIT STATEMENT OF ACCOUNTS 2014-15

The Committee considered a report by the Treasurer detailing the Audited Accounts 2014/15.

Decision

The Committee -

- (1) noted the Audited Accounts 2014/15 and the Auditor's opinion in the audit certificate to the accounts, and
- (2) expressed their thanks to Audit Scotland, SEStran's Partnership Director and the Treasurer for the reports.

A4 AUDIT SCOTLAND – REPORT TO THOSE CHARGED WITH GOVERNANCE

Members considered the Annual Audit Report to those charged with Governance. Consideration was given on this report before the financial statements were approved and certified.

Members questioned the Treasurer and the representative from Audit Scotland on the significant findings from the Audit in particular:-

- the recovery of the ERDF funding relating to the bus improvement projects, and
- the detail of the adjustments to the accounts recommended by the auditors.

Decision

The Committee noted the Audit Scotland report and the responses to the questions raised by Members.

4. **ANY OTHER BUSINESS**

None.

5. **DATE OF NEXT MEETING**

Decision

The Committee noted that the next meeting would be held on Friday 20th November 2015 in the Forth Room, SEStran Offices, 130 East Claremont Street, Edinburgh.

Financial Planning 2016/17

20th November 2015

1 Purpose of report

- 1.1 The purpose of this report is to present an update on the financial planning being undertaken to present a revenue budget to the Partnership for approval in March 2016.

2 Main report

Scottish Government Budget 2016-17

- 2.1 The UK Government Spending Review will be announced later than in previous years, on 25 November 2015. The Scottish Government's Block funding allocation will therefore not be known until that date. The Scottish Government allocates the Block grant across the main sectors of health, local and central government. Detailed allocations, including the Local Government Finance Settlement are unlikely to be confirmed until just before Christmas.
- 2.2 For the UK Government Spending Review, HM Treasury asked UK Government departments to model two scenarios of 25% and 40% savings in real terms, by 2019-20. Devolved administration allocations will be calculated by the Treasury on the basis of the settlements reached with UK Government departments, with the Barnett formula applying in the normal way at the Spending Review. There is therefore a risk that the Scottish Government Block grant will be reduced as a consequence of the UK Spending Review.
- 2.3 Given the risk of Scottish Government Block grant reductions, until detailed grant allocations are confirmed by the Scottish Government to Regional Transport Partnerships (RTPs), there remains a risk that Scottish Government funding allocations to RTP's may be reduced.

SESTRAN – Financial Planning 2016/17

- 2.3 Revenue budget planning is being progressed for 2016/17. Planning assumptions are:
- 2.3.1 staff recharges funded by EU grant will increase from £20,000 in 2015/16 to £70,000 in 2016/17;

(1 EU funded project – NWE Ride ceased during 2015/16; CHUMS and Social Car continue).

- 2.3.2 Bus Investment Fund grant will not continue with a consequent loss of staff recharges of £100,000;
 - 2.3.3 pay award provision of up to 1% - £4,783;
 - 2.3.4 provision of £24,000 to extend the employment of the Marketing and Project Support Assistant to 2016/17.

This post is currently on a fixed contract until 31st March 2016 and is anticipated to generate a future revenue stream for the Partnership. The focus of this post is in marketing and distributing the RTPI on TV screens to commercial enterprises. For each commercial premises, the Partnership proposes to charge an installation fee in addition to an annual maintenance fee of £300, on the basis that the enterprise can use the same equipment for their own advertising and promotion;
 - 2.3.5 incremental pay provision of £4,000;
 - 2.3.6 no change to the current employer pension contribution rate for 2016/17, based on the results of the latest actuarial review as at 31st March 2014;
 - 2.3.7 office accommodation savings of £24,000 as a consequence of the Partnership leasing new offices at Victoria Quay;
 - 2.3.8 the Partnership has recently been successful in attracting further EU funding of €289,500 for the “SHARE- North” project which will be undertaken over 3 years from 2016/17. Shared mobility modes and their potential to address the challenges of sustainable transport are the focus of the SHARE-North project. This includes developing, implementing, promoting and assessing car sharing, bike sharing, ride sharing and other forms of shared mobility in urban and rural areas and employment clusters.
- 2.4 An analysis of all proposed activity for 2016/17 is shown in Appendix 1, with an analysis of core activity in 2015/16 and 2016/17 shown in Appendix 2.
 - 2.5 Scottish Government grant funding has remained fixed at £782,000 since 2011/12, with council requisitions remaining fixed at £200,000 since 2012/13. The table overleaf shows budgeted expenditure and income since 2011/12.
 - 2.6 For 2016/17, external income of £750,000 is anticipated to fund 43% of proposed expenditure. Financial planning is currently based on SESTRAN receiving £782,000 grant from the Scottish Government and £200,000 from constituent council requisitions in 2016/17, i.e. no change from the level received in 2015/16. Based on these estimates, Scottish Government grant funding would meet 45% of proposed expenditure with council contributions funding 12% of expenditure.

SEStran Budget 2011/12 – 2015/16 and Indicative Budget 2016/17

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	£'000	£'000	£'000	£'000	£'000	£'000
Core	467	461	463	465	550	545
Projects	791	709	504	1,076	2,384	785
RTPI	110	117	222	286	230	402
Total Budget	1,368	1,287	1,189	1,827	3,164	1,732
External Funding						
EU Grants	313	245	146	233	131	64
Other income/ recoveries	48	60	61	266	1,051	686
Bus Investment Fund (BIF)				346	1,000	0
Total External Funding	361	305	207	845	2,182	750
Scottish Government Grant	782	782	782	782	782	782
Council Requisition	225	200	200	200	200	200
Total Funding	1,368	1,287	1,189	1,827	3,164	1,732

2.7 Expenditure reduction measures will require to be implemented in the event that either Scottish Government grant funding or council contributions reduce.

2.8 When setting the revenue budget for 2014/15 and 2015/16, the Partnership previously considered measures to reduce council requisitions. These measures included

- remove funding for Routewise Hosting (£53,000)
- remove funding for Equalities Action Forum (£10,000).

The partnership did not approve either of these cost reduction measures when setting the 2015/16 revenue budget.

2.9 Indicative council requisitions based on standstill funding and current population statistics would be as follows:

Clackmannanshire	£6,612
East Lothian	£13,183
Edinburgh	£63,646
Falkirk	£20,364
Fife	£47,443
Midlothian	£11,137
Scottish Borders	£14,731
West Lothian	<u>£22,884</u>
	<u>£200,000</u>

Risk Assessment

2.10 When approving the revenue budget in March 2016, the Board will be required to consider the risks inherent in the budget process and the arrangements in place to manage those risks. An initial risk assessment has been drafted and this is included at Appendix 3. An updated risk assessment will be reported to the Board in March 2016.

3 Conclusions

- 3.1 Financial planning is progressing to develop a revenue budget for 2016/17.
- 3.2 A final report on the revenue budget for 2016/17 will be considered by the Chief Officers Liaison Group at its meeting in February 2016, before the report is presented to the Partnership Board for approval.

4 Recommendations

The Performance and Audit Committee is asked to note:

- 4.1 the risk that Scottish Government funding allocations to RTP's may be reduced, given the uncertainty around the Scottish Government budget for 2016/17;
- 4.2 the financial planning assumptions currently being progressed for SEStran;
- 4.3 note that this report will be presented to the Partnership Board meeting of 4th December 2015;
- 4.3 the revenue budget for 2016/17 will be presented to Members for approval at the meeting of the Partnership in March 2016.

Hugh Dunn
Treasurer

Appendix	Appendix 1 – Proposed Activity 2016/17 Appendix 2 – Indicative Core Revenue Budget 2016/17 – Detail Appendix 3 – Risk Assessment
Contact/tel/Email	Iain Shaw Telephone 0131 469 3117 iain.shaw@edinburgh.gov.uk
Wards affected	All
Background Papers	Nil

Core Budget Proposed Activity 2016-17

Service Area	Expenditure	Recharges	Net	Activity
Professional Staff	£370,000	£137,000	£233,000	£253,000 (68%) allocated to statutory duties - Partnership Board, Regional Transport Strategy, Annual Report, Business Plan; £47,000 (13%) allocated to RTPI project; £70,000 (19%) allocated to committed projects – Social Car, CHUMS.
Administration	£170,000		£170,000	Administration staff, office costs (rent, rates, heat and light, telephones, repairs, cleaning, photocopying, printing, stationery), interest costs.
Transport	£12,000		£12,000	Members and officers travel and subsistence.
Marketing	£20,000		£20,000	£10,000 allocation for Car Share; £10,000 general marketing and sustainable transport allocation.
Hosted Services	£53,000		£53,000	£53,000 for Routewise - shared service hosted by SEStran available to all constituent councils. £30,000 saving per annum achieved by consolidating council agreements.
Governance Fees	£57,000		£57,000	Statutory functions - financial statements; Partnership governance and External Audit. £25,000 Accountancy and Finance; £22,000 Clerk, Legal and HR; £10,000 External Audit.
Total	£682,000	£137,000	£545,000	

Appendix 1 (cont.)

Projects - Proposed Activity 2016-17

Service	Expenditure	Income	Net	Activity
Sustainable Travel	£130,000	-	£130,000	Fund to lever-in additional investment towards sustainable travel from organisations prepared to invest in initiatives promoting sustainable travel, consistent with the RTS.
Urban Cycle Network	£100,000	£100,000	-	Further development of cross boundary cycle networks in association with Sustrans. This will also be used to lever in contributions from partner organisations in addition to the Sustrans funding, to maximise the impact.
CHUMS	£23,000	£17,000	£6,000	Project to address the energy challenge of low car occupancy and the approximately 50% of journeys in cities that cannot be accommodated by conventional public transport modes.
Social Car	£47,000	£47,000	-	100% EU funded. Open social transport network for urban approach to carpooling
Rail Stations Development	£415,000	£400,000	£15,000	Mainly co-funded.
South Tayside Park and Ride	£20,000	-	£20,000	Land acquisition and scheme development costs.
Rail/Bus Advice	£15,000	-	£15,000	Specialist advice necessary to be able to promote input to a wide range of consultations relating to proposals affecting the Region.
SDP/LDP	£20,000	-	£20,000	Transport input and advice on the preparation of Strategic and Local Development Plans.
Equalities Action Forum	£10,000	-	£10,000	Pursuing initiatives arising from the Equalities Action Forum.
RTS Monitoring	£5,000	-	£5,000	Routine monitoring of progress on development of the Regional Transport Strategy.
One Ticket		£13,000	(£13,000)	
Total	£785,000	£577,000	£208,000	

Projects - Proposed Activity 2016-17

RTPI				
RTPI Project	£402,000	£173,000	£229,000	Real Time Passenger Information system. Substantial proportion of both Stagecoach and First Group Edinburgh fleets equipped with the system, including all associated back-office and communication systems. Real time information now available on a mobile phone App and through the internet.
Total – All Projects	£1,187,000	£750,000	£437,000	

Appendix 2

Indicative Core Revenue Budget 2016/17 - Detail

	Approved Budget 2015/16	Indicative Budget 2016/17
	£000	£000
Employee Costs		
Salaries	333	361
National Insurance	29	31
Pension Fund	56	62
Recharges – BIF & EU	(100)	(70)
Recharges – Sustainable Travel	(20)	(20)
Recharges - RTPi	0	(47)
Training & Conferences	10	10
Interviews & Advertising	2	2
	310	329
Premises Costs	40	16
Transport	9	9
Supplies and Services		
Marketing	20	20
Communications & Computing	84	84
Printing, Stationery & General Office Supplies	10	10
Insurance	4	4
Equipment, Furniture & Materials	1	1
Miscellaneous Expenses	11	11
	130	130
Support Services		
Finance	25	25
Legal Services / HR	7	7
	32	32
Corporate & Democratic		
Clerks Fees	15	15
External Audit Fees	10	10
Members Allowances and Expenses	3	3
	28	28
Interest	1	1
Total Gross Expenditure	550	545
Funding:		
Scottish Government Grant	(350)	(345)
Council Requisitions	(200)	(200)
Total Funding	(550)	(545)

Appendix 3

Risk Assessment

Risk Description	Existing Controls
<p>Pay awards. The proposed budget makes provision for a pay award of up to 1% in 2016/17. Every 1% uplift in pay award equates to an increase of £4,800.</p>	<p>Alignment with Scottish Local Government pay award.</p>
<p>Staff recharges – EU Projects. The proposed budget assumes that £70,000 of staff time can be recharged to 2 EU Projects - CHUMS and Social Car. There is a risk this may not be achievable.</p>	<p>Any shortfall in employee cost recharges will be offset by a corresponding reduction in Projects Budget expenditure.</p>
<p>Inflation. There is a risk that the proposed budget does not adequately cover price inflation and increasing demand for services.</p>	<p>Allowance made for specific price inflation. Budgets adjusted in line with current cost forecasts.</p>
<p>Delays in payment of grant by the EU results in additional short-term borrowing costs.</p>	<p>SEStran grant claims for EU funded projects are submitted in compliance with requirements of EU processes to ensure minimal delay in payment. Ongoing monitoring of cash flow will be undertaken to manage exposure to additional short-term borrowing costs.</p>
<p>There is a risk that current levels of staffing cannot be maintained due to funding constraints and that the Partnership will incur staff release costs.</p>	<p>Recruitment control and additional sources of external funding for activities aligned to the Partnership's objectives to supplement resources.</p>
<p>Funding Reductions. Reduction in funding from Scottish Government and/or council requisitions.</p>	<p>Review of core and project expenditure and recommendations to Partnership Board. Continue to source and develop external funding.</p>

**Mid Term Review
 Treasury Management Activity**

1. Introduction

1.1 The purpose of this report is to review the investment activity undertaken on behalf of the Partnership during the first half of the 2015/16 Financial Year.

2. Background

2.1 In accordance with Investment Regulations in Scotland the Partnership adopted the appropriate Codes of Practice and approved an Annual Investment Strategy at its meeting on the 20th March 2015.

3. Mid Term Review - Annual Investment Strategy

3.1 As approved in the Partnership’s Investment Strategy, the Partnership continues to maintain its bank account as part of the City of Edinburgh Council’s group of bank accounts. Any cash balance is effectively lent to the Council, but is offset by expenditure undertaken by the City of Edinburgh Council on behalf of the Board. Interest is given (charged) on month end net indebtedness balances between the Council and the Board in accordance with the Local Authority (Scotland) Accounts Advisory Committee’s (LASAAC) Guidance Note 2 on Interest on Revenue Balances (IoRB). In line with recent short term interest rates, the investment return/charge continues to be low, but the Board gains security from the counterparty exposure being to the City of Edinburgh Council. Net end of month balances for the first half of the year were:

Opening Balance	-£1,006,324.88
April	£290,497.49
May	£254,794.23
June	£73,203.01
July	-£37,070.07
August	£11,695.74
September	-£8,422.11

3.2 Although interest is not calculated until March, in line with the guidance note, the interest rate charged averaged 0.362% during the first half of the financial year.

4. Recommendation

- 4.1 It is recommended that the Committee notes the investment activity undertaken on behalf of the Partnership.

Hugh Dunn
Treasurer

Appendix None

Contact/tel Iain Shaw, Tel: 0131 469 3117
(iain.shaw@edinburgh.gov.uk)

Risk Report

1. Current Position

- 1.1 SEStran has been using its Risk Register to record, report and evaluate risks within the organisation since May 2008. All risks are reviewed regularly by the relevant staff and Appendix 1 to this report is an extract from the SEStran Risk Register, highlighting the key net rated risks.

2. Recommendation

- 2.1 It is recommended that the Committee notes the content of this report.

Angela Chambers
Office Manager
18th November 2015

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- Appendices:**
1. Extract from the SEStran Risk Register
 2. Risk Rating, Impact and Likelihood Charts

SESTRAN
DETAILED RISK REGISTER
13-Nov-15

Business Unit	Risk Category	Risk	Risk Owner	Business Objective	Risk Detail	Gross Impact	Gross Likeli	Gross Rating	Gross Score	Net Impact	Net Likeli	Net Rating	Net Score	Conclusion	Actions	Controls
200 - Strategy/Regional Transport Strategy	03 - Strategic Risk	0181 - Lack of local authority alignment.	Alastair Short	006 - Economy	Lack of local authority alignment to the regional transport strategy may lead to inconsistent actions within the local authority leading to non-delivery of the regional priorities.	Ma	Pr	H	16	Ma	Pr	H	16	Treat		01 - Regional Transport Strategy communicated to all local authorities. 02 - Strategy Liaison Group 03 - Chief Officers Liaison Group 04 - Sustainable Transport Liaison Group 05 - Bus Liaison Group 06 - Rail Liaison Group 07 - Programme Liaison Group 08 - Align SOAs with Regional Transport Strategy
130 - Office Management/Finance	05 - Financial Risk	0188 - Money may not be available to fund plans and activities.	Iain Shaw	004 - Support Office Finance	SEStran may not have sufficient cash to fund operational requirements, investment opportunities or to meet contingency requirements.	C	HP	H	25	Ma	Po	M	12	Treat	01067 - Identify other sources of funding	01 - Board policies set priorities for funding. 02 - Partner Authorities Funding 17 - EU Funding 18 - Scottish Government Funding 19 - Partnership with Private Sector in EU projects Bus Investment Fund (2014/15 only)
400 - Programme Management/Programme	10 - Specific Operational risk	0215 - Scheme Specific Risk Registers	Jim Grieve	019 - Ensure delivery of projects within agreed programme timeframe	As new projects and initiatives are started their scheme specific risk registers fail to be added.	Ma	HP	H	20	Mo	Pr	M	12	Tolerate		01 - Conditions of Contract 02 - Projects Management 38 - reminder sent out to all risk managers
411 - Project Management/RTPI	05 - Financial Risk	0327 - Project not supported by all SEStran authorities	Jim Grieve	051 - Provide reliable real-time information to passengers		Ma	Pr	H	20	Mo	Pr	M	12	Treat	01070 - Apply for additional EU funding 01071 - Bus Improvement Fund Bids & Keep LAs informed	03 - Emphasise benefits to each partner authority 13 - EU funding for some areas 14 - Formal, signed Operator Agreements
130 - Office Management/Finance	09 - External Risk	0216 - The organisation may be unprepared for changes in the economy.	Alex Macaulay	004 - Support Office Finance	Changes in the economy and currency fluctuations may affect project costs and delivery.	M	P	H	16	M	P	M	12	Tolerate	01082 - Attract EU funding for projects. 01083 - Charge core staff and overhead costs to EU funded projects. 01084 - Attract private sector funding for projects 01085 - Demonstrate added value to Board	01 - Regular review of project costs, delivery and viability 08 - Individual Project Risk Registers 09 - Maximise use of fixed lump sum contracts 10 - Prudent Budget with contingency allowances 11 - Conditions of contract

SESTRAN
DETAILED RISK REGISTER
13-Nov-15

Business Unit	Risk Category	Risk	Risk Owner	Business Objective	Risk Detail	Gross Impact	Gross Likeli	Gross Rating	Gross Score	Net Impact	Net Likeli	Net Rating	Net Score	Conclusion	Actions	Controls
130 - Office Management/Finance	05 - Financial Risk	0193 - Inaccurate, incomplete or delayed financial information may lead to poor decisions.	Iain Shaw	004 - Support Office Finance	Information provided or presented by the finance function may not be of sufficient quality to support decisions.	Ma	Pr	H	16	Ma	Po	M	12	Treat	01068 - Contingency plannings	01 - Qualified and experienced staff are recruited and adequate training provided for accounting employees. 02 - Treasurer involved at an early stage in discussions of strategic and operational planning. 03 - Where reporting involves spreadsheets, tools used are documented, tested and protected from unauthorised changes.
400 - Programme Management/Programme	06 - Reputational Risk	0292 - Delayed delivery of projects	Jim Grieve	031 - Deliver revenue programme on budget	Delayed delivery of projects leading to undermining of credibility with partners, government, media and general public	Ma	Pr	H	16	Ma	Po	M	12	Treat	01069 - Ensure project managers clearly understand briefs	28 - project monitoring, management & control 29 - Project meetings 30 - Contractual requirement for programme 31 - Production of realistic programme with commitment by all parties 32 - ensure budget and spend profile is clear and communicated.
411 - Project Management/RTPI	10 - Specific Operational risk	0335 - Data quality	Jim Grieve	051 - Provide reliable real-time information to passengers		Ma	Pr	H	16	Ma	Po	M	12	Treat	01040 - Data quality checks	10 - Data quality controls
200 - Strategy/Regional Transport Strategy	03 - Strategic Risk	0261 - Issues adopting sustainable travel measures	Lisa Freeman	006 - Economy	Potential issues adopting sustainable travel measures <input type="checkbox"/> Walking – Possible issues with security on footways (poor lighting, individuals may feel vulnerable and exposed to possible attacks), poorly maintained pathways <input type="checkbox"/> Cycling - Possible issues with potential for accidents on cycle routes, potential conflict with other oncoming traffic, cycling on the road without adequate training, potential lack of cycle parking so bikes are subject to vandalism/theft.	Ma	Pr	H	16	Mo	Pr	M	12	Tolerate		08 - Encourage maintenance of footways - cycle routes 09 - Provision of adequate cycle training and Parking
220 - Strategy/Sustainable Travel	03 - Strategic Risk	0248 - Incorrect information on public transport map	Lisa Freeman	013 - Promote sustainable transport across the region	Incorrect information on public transport map	Ma	Pr	H	16	Mo	Pr	M	12	Tolerate		28 - Checking / Proof reading by selected staff members and Local Authority Specialists

SESTRAN
DETAILED RISK REGISTER
13-Nov-15

Business Unit	Risk Category	Risk	Risk Owner	Business Objective	Risk Detail	Gross Impact	Gross Likeli	Gross Rating	Gross Score	Net Impact	Net Likeli	Net Rating	Net Score	Conclusion	Actions	Controls
400 - Programme Management/Programme	05 - Financial Risk	0287 - Money may not be available to fund plans and activities.	Iain Shaw	031 - Deliver revenue programme on budget	SEStran may not have sufficient cash to fund operational requirements, investment opportunities or to meet contingency requirements.	C	Po	H	15	Mo	Pr	M	12	Tolerate		10 - Board policies set priorities for funding. 11 - Partner Authorities Funding 12 - Cash flow forecasts prepared and made available frequently. 13 - Annual Business plan 14 - Scottish Government Funding 36 - application for European funding (BIF, CHUMS, NWRide & MOBI)
423 - Project Management/Response to External Consultations	03 - Strategic Risk	0374 - Inadequate project appraisal	Alastair Short	031 - Deliver revenue programme on budget	Proposed regional interventions have been inadequately analysed and appraised leading to a financial exposure of the RTP	M	P	M	12	M	P	M	12	Tolerate		01 - Comprehensive brief 02 - Risk analysis 03 - Competent advisor 04 - All significant contracts are referred for Board approval.
400 - Programme Management/Programme	06 - Reputational Risk	0293 - Quality of advice and research	Alex Macaulay	031 - Deliver revenue programme on budget	Poor quality products will result in lack of credibility for SEStran as a strong influencing body.	M	P	M	12	M	P	M	12	Tolerate		32 - Quality Assurance 33 - Internal peer review 34 - External Audit
300 - Communications/Media Response	06 - Reputational Risk	0227 - Negative or inaccurate media coverage	Andrew Dougal	022 - Make SEStran a household name in SE Scotland	Negative or inaccurate media coverage leading to misrepresentation of SEStran position	Ma	Po	M	12	Mo	Pr	M	12	Tolerate		08 - Good relationships with media 09 - quick response to negative or inaccurate coverage 10 - Proactive Placement of copy 11 - Availability of Spokesperson 12 - Agreed broad media positions
400 - Programme Management/Programme	09 - External Risk	0384 - Poor communications with EU project partners	Jim Grieve	031 - Deliver revenue programme on budget	Breakdown in communication could lead to wrong expectation of progress and delivery	M	P	M	12	M	P	M	12	Treat	01100 - Progress Meetings	41 - Clear communications protocol with partners 42 - Regular progress reports 43 - Regular Board reports and Partnership Meetings
400 - Programme Management/Programme	10 - Specific Operational risk	0294 - Scheme Specific Risk Registers	Jim Grieve	031 - Deliver revenue programme on budget	As new projects and initiatives are started their scheme specific risk registers will be added.	M	P	M	12	M	P	M	12	Tolerate		0

Risk Register Scoring and Rating Charts

Appx 2

Risk Rating Chart

Impact

Catastrophic (C)	5	10	15	20	25
Major (Ma)	4	8	12	16	20
Moderate (Mo)	3	6	9	12	15
Minor (Mi)	2	4	6	8	10
Insignificant	1	2	3	4	5
<i>Likelihood</i>	Remote (R)	Unlikely (U)	Possible (Po)	Probable (Pr)	Highly Probable

Impact

Descriptor	Score	Health & Safety Impact	Impact on Service and Reputation	Financial Impact
Insignificant	1	No Injury or No Apparent Injury	No Impact on Service or Reputation, Complaint Unlikely, Litigation Risk Remote	Loss/costs up to £5000
Minor	2	Minor Injury (First Aid on Site)	Slight Impact on Service and/or Reputation. Complaint Possible. Litigation Possible.	Loss/costs between £5000 and £50,000
Moderate	3	Reportable Injury	Some Service Distruption. Potential for Adverse Publicity, avoidable with careful handling. Complaint Expected. Litigation Probable.	Loss/costs between £50,000 and £500,000
Major	4	Major Injury (reportable) or Permanent Incapacity	Service Distrupted. Adverse Publicity not avoidable (local media). Complaint Expected. Litigation Expected.	Loss/costs between £500,000 and £5,000,000
Catastrophic	5	Death	Service Interrupted for Significant Time. Adverse publicity not avoidable (national media interest). Major Litigation Expected. Resignation of Senior Mangement/Director's.	Theft/loss over £5,000,000

Likelihood

Descriptor	Score	Example
Remote	1	May only occur in exeptional circumstances
Unlikely	2	Expected to occur in a few circumstances
Possible	3	Expected to occur in a some circumstances
Probable	4	Expected to occur in many circumstances
Highly Probable	5	Expected to occur frequently and in most circumstances