



Risk Framework

1. INTRODUCTION

- 1.1 The purpose of this report is to provide the Committee with its six monthly update on the risk register, which is an integral part of SEStran's Risk Management Framework.

2. BACKGROUND

- 2.1 SEStran has been using a 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 the latest version of the SEStran Risk Register, highlighting the key risks.

3. RECOMMENDATIONS

- 3.1 The Committee are asked to note the contents of the report and Risk Register.

Angela Chambers
Business Manager
June 2018

Appendix 1: SEStran Risk Register

Policy Implications	None
Financial Implications	None
Equalities Implications	None
Climate Change Implications	None

Risk Number	Risk Detail	Risk Category	Gross Risk Assessment					Planned Response/Mitigation	Net Risk Assessment					Risk After Mitigation	Date and Owner		
			Probability	Impact	Risk Score	Probability	Impact		Risk Score								
R001	Policy Appraisal: Poor Quality Lack of consultation	Strategic	1	Remote	3	Moderate	3	Low	Advised by Government of relevant policy changes and Partnership Director regularly horizon scanning for further policies and responds accordingly. New consultative forums also enable greater visibility and integration of local policies into regional strategy.	1	Remote	2	Minor	2	Low	Low. Partnership staff also continue to monitor their networks for relevant policy discussions.	June 2018 Partnership Director
R002	Project Appraisal and Delivery: Incomplete or of poor quality Late Delivery	Reputational	2	Unlikely	4	Major	8	Medium	Monthly monitoring and management intervention by the project officer and over-seen by the Head of Programmes. Key regional projects such as RTPI has regular communication with key clients and service providers, including standing quarterly stakeholder meetings.	2	Unlikely	3	Moderate	6	Low	Low. Regular monitoring and management/project team meetings provides all across the organisation with a clear view of progress and expenditure against budget.	June 2018 Head of Programmes
R003	Digital/IT: Server failure Comms failure: phones Website	System and Technology	3	Possible	4	Major	12	Medium	SEStran has an up-to-date Management Plan for Business Continuity. Website has a maintenance contract as does RTPI system. Both proactively managed by third parties.	3	Possible	2	Minor	6	Low	Low. Contracted IT consultants deliver IT services. Website contract includes security updates. Robust Information Security Policy in place with regular monitoring reports. GDPR compliant and progressing Cyber Essentials Accreditation.	June 2018 Business Manager
R004	Reputation: Regard by the public and stakeholders. Negative or inaccurate media coverage leading to misrepresentation of SEStran position	Reputational	3	Possible	3	Moderate	9	Medium	Good relationships with media. Quick response to negative or inaccurate coverage. Proactive placement of copy. Agreed broad media positions. Availability of Spokesperson - Senior staff only. No unauthorised media statements.	3	Possible	2	Minor	6	Low	Work ongoing to deliver a new brand for the Partnership. Partnership staff continue to promote and advocate activities via speaking, writing or wider networking	June 2018 Partnership Director

R005	Statutory Duties: Failure to adhere to duties described in legislation and related documentation	Legal and Regulatory	1	Remote	4	Major	4	Low	Audit approved systems of governance in place. External and internal audits carried out.	1	Remote	2	Minor	2	Low	Low. Regular monitoring and programming of statutory duties is undertaken by the Partnership Director, Head of Programmes and Business Manager. Audited by third parties.	June 2018 Partnership Director
R006 6.0	Financial: Significant deviation from budgeted spend	Financial	2	Unlikely	3	Moderate	6	Low	The Partnership's Financial Rules do not permit the Partnership's spending (whether revenue or capital) to exceed its available budget. Budget and spend is monitored on a monthly basis by SEStran officers, using financial information provided by City of Edinburgh Council (CEC) through the Partnership's Financial Services Service Level Agreement with CEC and supported by qualified accounting staff of CEC. Action is taken by Partnership officers to develop alternative savings measures, including options for development of contingency arrangements, if required and subject to approval by the Partnership. The Partnership's Financial Rules require reporting of financial performances to the Partnership Board on a quarterly basis.	1	Remote	2	Minor	2	Low	Low. In October 2017, the Scottish Government commenced consultation to give consideration to RTPs being given powers to of carry forward of expenditure across financial years.	June 2018 Partnership Director
6.1	Pay awards: Provision for a pay award of up to 3% in 2018/19 based on alignment with SG pay policy. Each 1% increase equates to an increase in £3,400	Financial	4	Probable	1	Insignificant	4	Low	Alignment with Scottish Local Government pay policy	4	Probable	1	Insignificant	4	Low	Tolerate	June 2018 Partnership Director
6.2	Staff recharges - EU projects: There is a risk that opportunities for additional funding through income for EU projects may reduce.	Financial	5	Highly Probable	3	Moderate	15	High	Any shortfall in employee recharges will be managed through corresponding reductions in Projects Budget expenditure. EU projects represent a low percentage of the budget.	4	Probable	2	Minor	8	Medium	Medium: Other funding sources will continue to be pursued.	June 2018 Partnership Director

6.3	Inflation: There is a risk that the approved budget does not adequately cover price inflation.	Financial	5	Highly Probable	1	Insignificant	5	Low	When setting the revenue budget, allowance was made for specific price inflation and budgets adjusted in line with current cost forecasts.	5	Highly Probable	1	Insignificant	5	Low	Tolerate	June 2018 Partnership Director
6.4	Delays in payment of external grants results in additional short-term borrowing costs.	Financial	3	Possible	2	Minor	6	Low	SEStran grant claims for projects are submitted in compliance with grant funding requirements to ensure minimal delay in payment. Ongoing monitoring of cash flow is undertaken to manage exposure to additional short-term borrowing costs.	3	Possible	1	Insignificant	3	Low	Low: Grant submission procedures in place, along with financial planning.	June 2018 Partnership Director
6.5	Sources of additional income to the Partnership may become constrained in the current economic climate and/or due to changes in operating arrangements.	Financial	4	Probable	3	Moderate	12	Medium	Active Travel funding a high priority for Government with funds consistently available to bid for. Revenue budget for 2018/19 developed to take account of most likely level of external income in 2018/19.	4	Probable	3	Moderate	12	Medium	Tolerate: Adapt expenditure accordingly	June 2018 Partnership Director
6.6	Funding reductions: Future reductions in funding from Scottish Government and/or council requisitions.	Financial	3	Possible	4	Major	12	Medium	Scottish Government and constituent council funding is confirmed for 2018/19. A financial planning report for 2019/20 will be presented to the Partnership Board in Autumn 2018. Subject to decision by the Partnership Board, the draft budget for 2019/20 will then be prepared, based on anticipated funding for Scottish Government grant and council requisitions. The Partnership will continue to source and develop external funding.	3	Possible	4	Major	12	Medium	Tolerate: Manage organisation in accordance with available funding but ability of organisation to deliver RTS objectives will inevitably be dictated by available funding.	June 2018 Partnership Director
6.7	The deficit on the staff pension fund could lead to increases in the employers pension contribution	Financial	3	Possible	3	Moderate	9	Medium	The Partnership continues to benefit from Lothian Pension Fund's contribution stability mechanism as part of the Fund's strategy to manage potential volatility in employer contribution rates. Following the Lothian Pension Fund Triennial Actuarial Review of 2017, proposed Partnership contribution rates have been advised until 2020/21	2	Unlikely	3	Moderate	6	Low	Tolerate	June 2018 Partnership Director

6.8	Current staffing levels cannot be maintained due to funding constraints and the Partnership incurs staff release costs	Financial	3	Possible	3	Moderate	9	Medium	The Partnership Director continues to seek additional sources of funding for activities aligned to the Partnership's objectives to supplement resources	3	Possible	2	Minor	6	Low	Low: Other funding sources will continue to be pursued.	June 2018 Partnership Director
R007	HR: Pension Liabilities Redundancy Contingency Inappropriate Behaviour Staffing/Incapacity	People	3	Possible	3	Moderate	9	Medium	SLA in place with Falkirk Council to provide specialist HR advice as required and is under regular review. Legal advice is provided, when required, through a framework contract, which is in place until 2019.	1	Remote	2	Minor	2	Low	Tolerate	June 2018 Partnership Director
R008	Corporate: Removal of RTPs as part of the review of the National Transport Strategy.	Strategic	4	Probable	4	Major	16	High	RTPs jointly lobbying Transport Minister. SEStran is engaged in the NTS2 review, representing all RTPs on the NTS2 Review Board and has sought and received assurances around retention of functions and undertakings transfer from Scottish Ministers.	4	Probable	4	Major	16	High	High: Tolerate and seek to influence outcomes at every opportunity	June 2018 Partnership Director
R009	EU Exit: Impact on learning and funding	Financial	5	Highly Probable	3	Moderate	15	High	The Partnership has sought to engage in as many relevant EU projects and funds as it can whilst UK authorities are allowed to access these funds. This should mitigate the short-term impact of any EU Exit negotiated and implemented.	5	Highly Probable	3	Moderate	15	High	High: The risk remains high as there is significant uncertainty around the medium (3-5year) horizon for access to funds. Opportunity for renewed collaborative working with EU following Brexit to be explored.	June 2018 Head of Programmes
R010	Governance: Senior Officer absence Succession Planning Business Continuity	People	3	Possible	3	Moderate	9	Medium	Ensure Governance Scheme contains adequate provision. Staff structure in place and Head of Programmes assigned delegated powers in Directors absence. Business Continuity Plan in place.	3	Possible	3	Moderate	9	Medium	Tolerate	June 2018 Partnership Director
R011	Third party Service Level Agreements: Failure or inadequacy of service	People	2	Unlikely	2	Minor	4	Low	Service Level Agreements in place for Financial Services, HR, Legal and Insurance services. Reviewed annually by senior officers. Subject to independent audit scrutiny.	2	Unlikely	2	Minor	4	Low	Tolerate	June 2018 Partnership Director

Likelihood		Severity		Risk Score	At Risk
1	Remote	1	Insignificant	1	System and Technology
2	Unlikely	2	Minor	2	Reputational
3	Possible	3	Moderate	3	Strategic
4	Probable	4	Major	4	Financial
5	Highly Probable	5	Catastrophic	5	Governance
				6	Specific Operational
				8	External
				9	Legal and Regulatory
				10	People
				12	Physical
				15	
				16	
				20	
				25	

Impact				
Descriptor	Score	Health and 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 disruption. 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 disrupted. Adverse publicity not avoidable (local media). Complaint expected. Litigation expected.	Loss/costs between £500,000 and
Catastrophic	5	Death	Service interrupted for significant time. Adverse publicity not avoidable (national media interest.) Major litigation expected. Resignation of senior management/directors.	Theft/loss over £5,000,000

Impact					
Catastrophic	5	10	15	20	25
Major	4	8	12	16	20
Moderate	3	6	9	12	15
Minor	2	4	6	8	10
Insignificant	1	2	3	4	5
Likelihood	Remote	Unlikely	Possible	Probable	Highly Probable

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

Maintain existing measures in place.
Review control measures. Even if the risk is low, there may be things that can be done to bring the risk rating down to minimal.
Improve control measures. If the Rating Action Band is greater than 3 or 4 then a review of the existing safety/control measures needs to be done, where additional
Improve control measures immediately and consider stopping work activity until risk is reduced.