



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 SEStran Risk Register, highlighting the key risks.

2.2 The Committee should note that all changes made to the register since the June meeting are highlighted in red.

3. RECOMMENDATIONS

3.1 The Committee are asked to comment on the contents of the report and;

3.2 Note that a final version of the Risk Register will be presented to Partnership Board for noting.

Angela Chambers
Business Manager
November 2018

Appendix 1: SEStran Risk Register

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| 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 | | | | |
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| | | | Probability | Impact | Risk Score | Probability | | Impact | Risk Score | | | | | | | | |
| R001 | Policy Appraisal: Poor Quality Lack of consultation | Strategic | 1 | Remote | 3 | Moderate | 3 | Low | 1 | Remote | 2 | Minor | 2 | Low | Advised by Government of relevant policy changes and Partnership Director and Officers regularly horizon scanning for further policies and responds accordingly. New consultative forums also enable greater visibility and integration of local policies into regional strategy. | June November 2018 Partnership Director Head of Programmes | |
| R002 | Project Appraisal and Delivery: Incomplete or of poor quality Late Delivery | Reputational | 2 | Unlikely | 4 | Major | 8 | Medium | 2 | Unlikely | 3 | Moderate | 6 | Low | 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. | June 2018 November 2018 Head of Programmes | |
| R003 | Digital/IT: Server failure Comms failure: phones Website | System and Technology | 3 | Possible | 4 | Major | 12 | Medium | 3 | Possible | 2 | Minor | 6 | Low | 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. | June 2018 November 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 | 3 | Possible | 2 | Minor | 6 | Low | 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. | Work ongoing to deliver a new brand for the Partnership. Low. Partnership staff continue to promote and advocate activities via speaking, writing or wider networking | June 2018 November 2018 Partnership Director Head of Programmes |

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| 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 November 2018 Partnership Director Head of Programmes |
| 5.1 | Restricted ability to undertake RTS re-write: Inadequate senior staff resourcing available due to continued absence of Partnership Director | Strategic | 4 | Probable | 3 | Moderate | 12 | Medium | Resolve absence as soon as possible and appoint external resources as required. | 2 | Unlikely | 2 | Minor | 4 | Low | Low. | November 2018 Head of Programmes |
| 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. Transport Bill currently going through parliament includes section on RTPs carrying reserves. | June 2018 November 2018 Partnership Director Head of Programmes |
| 6.1 | Pay awards: Provision for a pay award of up to 3% in 2018/19 2019/20 based on alignment with SG pay policy. Each 1% increase equates to an increase in £3,400 £3,580 | Financial | 4 | Probable | 1 | Insignificant | 4 | Low | Alignment with Scottish Local Government pay policy | 4 | Probable | 1 | Insignificant | 4 | Low | Tolerate | June 2018 November 2018 Partnership Director Head of Programmes |

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| 6.2 | Staff recharges - EU projects: There is a risk that opportunities for additional funding through income for EU projects may reduce. The proposed budget assumes that £66,000 of staff time can be recharged to 3 EU Projects - Share-north, Regio-mob and Surflogh. There is a risk this may not be achievable | 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 November 2018 Partnership Director Head of Programmes |
| 6.3 | Inflation: There is a risk that the approved proposed budget does not adequately cover price inflation and increasing demand for services. | 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 November 2018 Partnership Director Head of Programmes |
| 6.4 | Delays in payment of external grants result 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 November 2018 Partnership Director Head of Programmes |
| 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 20 18 /19/20 developed to take account of most likely level of external income in 20 18 /19/20. | 4 | Probable | 3 | Moderate | 12 | Medium | Tolerate: Adapt expenditure accordingly | June 2018 November 2018 Partnership Director Head of Programmes |

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| 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 November 2018 Partnership Director Head of Programmes |
| 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 November 2018 Partnership Director Head of Programmes |
| 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 Head of Programmes continues to seek additional sources of funding for activities aligned to the Partnership's objectives to supplement resources Recruitment control measures in place. | 3 | Possible | 2 | Minor | 6 | Low | Low: Other funding sources will continue to be pursued. | June 2018 November 2018 Partnership Director Head of Programmes |
| 6.9 | Accommodation: Occupancy Agreement with SG due for renewal February 2019. SG may not renew and alternative premises required at market rates. | Financial | 3 | Possible | 3 | Moderate | 9 | Medium | A notice period of 12 months must be served by each party under the current occupancy agreement. SEStran engaging with SG estates to secure renewal. | 3 | Possible | 3 | Moderate | 9 | Medium | Medium: Tolerate and seek to secure renewal. | November 2018 Business Manager |

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| 6.10 | ECOMM: Agreement to commit to ECOMM on the basis of being cost neutral. Income depends on number of delegates attending conference. | Financial | 3 | Possible | 3 | Moderate | 9 | Medium | In association with EPOMM, marketing effort is currently underway to ensure adequate attendance is achieved. Further marketing will continue | 3 | Possible | 2 | Minor | 6 | Low | Low | November 2018 Head of Programmes |
| 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 November 2018 Partnership Director Head of Programmes |
| 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 November 2018 Partnership Director Head of Programmes |
| 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. Timescales for effective exit remain unclear | 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 November 2018 Head of Programmes |
| R010 | Governance: Senior Officer absence Succession Planning Business Continuity | People | 3 | Possible | 3 | Moderate | 9 | Medium | Ensure Governance Scheme now contains adequate provision. Staff structure in place and Head of Programmes assigned delegated powers in Directors absence. Business Continuity Plan in place. Sustained absence of Partnership Director continuing to limit staff resourcing. | 3 | Possible | 3 | Moderate | 9 | Medium | Tolerate | June 2018 November 2018 Partnership Director Head of Programmes |

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| 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 November 2018 Partnership Director Head of Programmes |
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| 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. |

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| 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. |