Risk Register

1. INTRODUCTION

1.1 The purpose of this report is to provide the Partnership 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 Risk Register was presented to Performance and Audit Committee at its meeting on 16th November for comment and these are reflected in the final Risk Register.

3. RECOMMENDATIONS

3.1 The Board are asked to note the contents of the report.

Angela Chambers
Business Manager
November 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/Appetite for Risk	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 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.	1	Remote	2	Minor	2	Low	**Low.** Partnership staff also continue to monitor their networks for relevant policy discussions. **Tolerate**	November 2018 Head of Programmes
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. **Tolerate**	November 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. Wesbite has a maintenence 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. **Tolerate**	November 2018 Business Manager

Ref	Risk	Category							Controls							Action	Date / Owner
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	**Low.** Partnership staff continue to promote and advocate activities via speaking, writing or wider networking **Tolerate**	November 2018 Head of Programmes
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. **Tolerate**	November 2018 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.** **Seek to resolve ASAP**	November 2018 Head of Programmes

Ref	Risk	Category	L	Likelihood	I	Impact	Score	Level	Controls	L	Likelihood	I	Impact	Score	Level	Status / Action	Review / Owner
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. **Tolerate**	November 2018 Head of Programmes
6.1	Pay awards: Provision for a pay award of up to 3% in 2019/20 based on alignment with SG pay policy. Each 1% increase equates to an increase in £3,580	Financial	4	Probable	1	Insignificant	4	Low	Alignment with Scottish Local Government pay policy	4	Probable	1	Insignificant	4	Low	**Low** **Tolerate**	November 2018 Head of Programmes
6.2	Staff recharges - EU projects: The proposed budget assumes that £66,000 of staff time can be recharged to 3 EUProjects - 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. **Tolerate**	November 2018 Head of Programmes

Appendix 1

Ref	Risk	Category	Likelihood		Impact		Score	Rating	Mitigation	Category	Likelihood		Impact		Score	Rating	Response	Review
6.3	Inflation: There is a risk that the 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 made for specific price inflation and budgets adjusted in line with current cost forecasts.		5	Highly Probable	1	Insignificant	5	Low	**Low** **Tolerate**	November 2018 Head of Programmes
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. **Tolerate**	November 2018 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 2019/20 developed to take account of most likely level of external income in 2019/20.		4	Probable	3	Moderate	12	Medium	**Medium** **Tolerate:** Adapt expenditure accordingly	November 2018 Head of Programmes
6.6	Funding reductions: Future reductions in funding from Scottish Government and/or council requisitions.	Financial	3	Possible	4	Major	12	Medium	The Partnership will continue to source and develop external funding.		3	Possible	4	Major	12	Medium	**Medium** **Tolerate:** Manage organisation in accordance with available funding but ability of organisation to deliver RTS objectives will inevitably be dictated by available funding.	November 2018 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 Acturial Review of 2017, proposed Partnership contribution rates have been advised until 2020/21		2	Unlikely	3	Moderate	6	Low	**Low** **Tolerate**	November 2018 Head of Programmes

Ref	Risk	Category	L	Likelihood	I	Impact	Score	Rating	Mitigation	L	Likelihood	I	Impact	Score	Rating	Action	Date/Owner
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 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. **Tolerate**	November 2018 Head of Programmes
6.9	Accommodation: Occupancy Agreeement 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:** **Resolve - seek to confirm renewal ASAP**.	November2018 Business Manager
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** **Tolerate**	November 2018 Head of Programmes
R007	**HR:** Pension Liabilities Redundancy Contingency Inappropiate 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	**Low** **Tolerate**	November 2018 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:** **Seek to resolve**	November 2018 Head of Programmes

Ref	Risk	Category	Likelihood (initial)		Impact (initial)		Score (initial)		Controls/Mitigation	Category	Likelihood (current)		Impact (current)		Score (current)		Risk Level/Response	Review Date/Owner
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 relvant 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. **Tolerate**	November 2018 Head of Programmes
R010	**Governance:** Senior Officer absence Succession Planning Business Continuity	People	3	Possible	3	Moderate	9	Medium	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	**Medium** **Seek to resolve ASAP**	November 2018 Head of Programmes
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	**Low** **Tolerate**	November 2018 Head of Programmes

Likelihood / Severity / Risk Score / At Risk

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	Low Risk	Strategic
4	Probable	4	Major	4		Financial
5	Highly Probable	5	Catastrophic	5		Governance
				6		Specific Operational
				8		External
				9		Legal and Regulatory
				10	Medium Risk	People
				12		Physical
				15		
				16		
				20	High Risk	
				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

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 some circumstances.
Probable	4	Expected to occur in many circumstances.
Highly Probable	5	Expected to occur frequently and in most circumstances.

Impact

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

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 exisiting safety/control measures needs to be done, where additional

Improve control measures immediately and consider stopping work activity until risk is reduced.