



## **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 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**  
June 2019

### **Appendix 1: SEStran Risk Register**

Policy Implications	None
Financial Implications	As highlighted in the register.
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	<b>Policy Appraisal:</b> 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	<b>Low.</b> Partnership staff also continue to monitor their networks for relevant policy discussions. <b>RTS re-write process underway.</b> <b>Tolerate</b>	<del>November 2018</del> <del>Head of Programmes</del> June 2019 Partnership Director
R002	<b>Project Appraisal and Delivery:</b> 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 RTP1 has regular communication with key clients and service providers, including standing quarterly stakeholder meetings.	2	Unlikely	3	Moderate	6	Low	<b>Low.</b> Regular monitoring and management/project team meetings provides all across the organisation with a clear view of progress and expenditure against budget. <b>Regular reports presented to P&amp;A Committee and Partnership Board</b> <b>Tolerate</b>	<del>November 2018</del> <del>Head of Programmes</del> June 2019 Programme Manager
R003	<b>Digital/IT:</b> 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 RTP1 system. Both proactively managed by third parties.	3	Possible	2	Minor	6	Low	<b>Low.</b> Contracted IT consultants deliver IT services. Website contract includes security updates. Robust Information Security Policy in place with regular monitoring reports. GDPR compliant and <b>progressing</b> . Cyber Essentials Accreditation <b>achieved.</b> <b>Tolerate</b>	<del>November 2018</del> <del>Business Manager</del> June 2019 Business Manager

R004	<p><b>Reputation:</b>          Regard by the public and stakeholders.          Negative or inaccurate media coverage leading to misrepresentation of SEStran position</p>	Reputational	3	Possible	3	Moderate	9	Medium	<p>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.</p>	3	Possible	2	Minor	6	Low	<p><b>Low.</b> Partnership staff continue to promote and advocate activities via speaking, writing or wider networking  <b>Tolerate</b></p>	<p><del>November 2018</del>  <del>Head of Programmes</del>          June 2019          Partnership Director</p>
R005	<p><b>Statutory Duties:</b>          Failure to adhere to duties described in legislation and related documentation</p>	Legal and Regulatory	1	Remote	4	Major	4	Low	<p>Audit approved systems of governance in place. External and internal audits carried out.</p>	1	Remote	2	Minor	2	Low	<p><b>Low.</b> Regular monitoring and programming of statutory duties is undertaken by the Partnership Director, Head of Programmes and Business Manager. Audited by third parties.  <b>Tolerate</b></p>	<p><del>November 2018</del>  <del>Head of Programmes</del>          June 2019          Partnership Director</p>
5.1	<p>Restricted ability to undertake RTS re-write:          Inadequate senior staff resourcing available due to continued absence of Partnership Director</p>	Strategic	4	Probable	3	Moderate	12	Medium	<p>Resolve absence as soon as possible and appoint external resources as required.</p>	2	Unlikely	2	Minor	4	Low	<p><del>Low.</del>  <b>Seek to resolve ASAP</b>          Partnership Director appointed May 2019.          Funds identified for RTS re-write</p>	<p><del>November 2018</del>  <del>Head of Programmes</del>  <b>CLOSED</b></p>

R006 6.0	<b>Financial:</b> 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	<b>Low.</b> 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. <b>Tolerate</b>	<del>November 2018</del> Head of Programmes March 2019 Partnership Director
6.1	<del>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.</del> Pay awards. The approved budget for 2019/20 assumes provision for a pay award of 3%, based on alignment with the Scottish Government's public sector pay offer. A 1% increase in pay award uplift equates to an increase in cost of approximately £4,700.	Financial	4	Probable	1	Insignificant	4	Low	Alignment with Scottish Local Government pay policy	4	Probable	1	Insignificant	4	Low	<b>Low Tolerate</b>	<del>November 2018</del> Head of Programmes March 2019 Partnership Director

6.2	Staff recharges - EU projects: The proposed budget assumes that <del>£66,000</del> £100,000 of staff time can be recharged to 3 4 EUProjects - Share-north, Regio-mob, Surflogh and Bling. 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	<del>November 2018</del> Head of Programmes March 2019 Partnership Director
6.3	Inflation: There is a risk that the <del>proposed</del> approved 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	<del>November 2018</del> Head of Programmes March 2019 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. Tolerate	<del>November 2018</del> Head of Programmes March 2019 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 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	<del>November 2018</del> Head of Programmes June 2019 Partnership Director
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.	<del>November 2018</del> Head of Programmes June 2019 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	<del>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.</del> Following the Lothian Pension Fund Triennial Actuarial Review of 2017, <del>proposed</del> Partnership contribution rates have been advised until 2020/21	2	Unlikely	3	Moderate	6	Low	Low Tolerate	<del>November 2018</del> <del>Head of Programmes</del> June 2019 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 <del>Head of Programmes</del> Partnership 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	<del>November 2018</del> <del>Head of Programmes</del> June 2019 Partnership Director
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. <del>SEStran engaging with SG estates to secure renewal.</del> Occupancy Agreement renewed until February 2022.	3	Possible	3	Moderate	9	Medium	<del>Medium-</del> <del>Resolve—seek to confirm renewal ASAP.</del>	<del>November 2018</del> <del>Business Manager</del> CLOSED
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	<del>In association with EPOMM, marketing effort is currently underway to ensure adequate attendance is achieved. Further marketing will continue</del> SEStran withdrew offer to host ECOMM due to uncertainty over Brexit and subsequent impact on attendance at the conference.	3	Possible	2	Minor	6	Low	Low Tolerate	<del>November 2018</del> <del>Head of Programmes</del> CLOSED
6.11	Following the outcome of the EU Referendum, the Partnership is unable to access EU funding.	Financial	5	Highly Probable	3	Moderate	15	High	The Partnership continues to seek alternative funding sources to progress knowledge exchange/transfer and to seek to successfully bid for EU projects following the United Kingdom servicing notice under Article 50.	4	Probable	3	Moderate	12	Medium	Medium Tolerate: Adapt expenditure accordingly	June 2019 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	Low Tolerate	<del>November 2018</del> Head of Programmes June 2019 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: Seek to resolve	<del>November 2018</del> Head of Programmes June 2019 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. 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.  SEStran continuing to be accepted as partners in EU funded projects. Tolerate	<del>November 2018</del> Head of Programmes June 2019 Partnership Director
R010	Governance: <del>Senior Officer absence</del> Succession Planning Business Continuity	People	3	Possible	3	Moderate	9	Medium	Governance Scheme <del>now</del> contains adequate provision to deal with senior officer absence. Staff structure in place <del>and Head of Programmes assigned delegated powers in Directors absence.</del> Business Continuity Plan in place. <del>Sustained absence of Partnership Director continuing to limit staff resourcing.</del>	2	Unlikely	2	Minor	4	Low	Low Tolerate	<del>November 2018</del> Head of Programmes June 2019 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	Low Tolerate	<del>November 2018</del> Head of Programmes June 2019 Partnership Director

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R005 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	<del>Low:</del> <b>Seek to resolve ASAP</b> Partnership Director appointed May 2019. Funds identified for RTS re-write	November 2018 Head-of-Programmes <b>CLOSED</b>
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. <del>SEStran engaging with SG estates to secure renewal. Occupancy Agreement renewed until February 2022.</del>	3	Possible	3	Moderate	9	Medium	<del>Medium:</del> <b>Resolve—seek to confirm renewal ASAP.</b>	November 2018 Business-Manager <b>CLOSED</b>
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	<del>In association with EPQMM, marketing effort is currently underway to ensure adequate attendance is achieved. Further marketing will continue</del> SEStran withdrew offer to host ECOMM due to uncertainty over Brexit and subsequent impact on attendance at the conference.	3	Possible	2	Minor	6	Low	<del>Low:</del> <b>Tolerate</b>	November 2018 Head-of-Programmes <b>CLOSED</b>



Likelihood		Severity		Risk Score	At Risk
1	Remote	1	Insignificant	1	Low Risk
2	Unlikely	2	Minor	2	
3	Possible	3	Moderate	3	
4	Probable	4	Major	4	
5	Highly Probable	5	Catastrophic	5	
				6	Specific Operational
				8	External
				9	Legal and Regulatory
				10	People
				12	Physical
				15	High Risk
				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					
Impact	5	10	15	20	25
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
<b>Likelihood</b>	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.