

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
 November 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	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 looking out for further policies and responding accordingly. New e Consultative forums also enable greater visibility and integration of local policies into regional strategy.	Low. Partnership staff also continue to monitor their networks for relevant policy discussions. RTS re-write process underway. Tolerate	June Nov 2019 Partnership Director
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 oversight seen by the Head of Programmes Manager . Key regional projects such as RTPI has regular communication with key clients and service providers, including standing quarterly stakeholder meetings.	Low. Regular monitoring and management/project team meetings provides all across the organisation with a clear view of progress and expenditure against budget. Regular reports presented to P&A Committee and Partnership Board, which have been revised to provide focused monitoring template. Tolerate	June Nov 2019 Programmes Manager
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 is maintained under contract as does RTPI system . Both proactively managed by third parties.	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 Cyber Essentials Accreditation achieved. Tolerate	June Nov 2019 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	Low. Partnership staff continue to promote and advocate activities via speaking, writing or wider networking Continue to work closely with regional partners Tolerate	June Nov 2019 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 Senior Partnership Manager and Business Manager. Audited by third parties. Tolerate	June Nov 2019 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. Transport Bill currently going through parliament includes section on RTPs carrying reserves. Tolerate	March 2020 19 Partnership Director

6.1	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 £4,911.	Financial	4	Probable	1	Insignificant	4	Low	Alignment with Scottish Local Government pay policy	4	Probable	1	Insignificant	4	Low	Low Tolerate	March 2020 19 Partnership Director
6.2	Staff recharges - EU projects: The proposed budget assumes that £100,000 £119,000 of staff time can be recharged to 4 five EU Projects - Share-north, Regio-mob , Surflogh, Bling, Primaas and Connect. 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. In 2020/21, EU projects represent a low percentage 14% of the proposed budget.	4	Probable	2	Minor	8	Medium	Medium: Other funding sources will continue to be pursued. Tolerate	March 2020 19 Partnership Director
6.3	Inflation: There is a risk that the approved budget does not adequately cover price inflation and increasing demand for services.	Financial	3	Possible	4	Major	12	Medium	When setting the revenue budget, allowance made for specific price inflation and budgets adjusted in line with current cost forecasts.	3	Possible	4	Major	12	Medium	Low-Medium Tolerate	March 2020 19 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	March 2020 19 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 2020/21 developed to take account of most likely level of external income in 2019/20 2020/21.	4	Probable	3	Moderate	12	Medium	Medium Tolerate: Adapt expenditure accordingly	June March 2020 19 Partnership Director

6.6	Funding reductions: Future reductions in core funding from Scottish Government and/or council requisitions. This could result in difficulty in delivering statutory obligations/duties.	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. Scottish Government now promoting 3 year budget process, providing more certainty for future planning.	June March 202019 Partnership Director
6.7	The deficit on the staff pension fund could lead to increases in the employers pension contribution	Financial	4	Probable	3	Moderate	12	Medium	Following the Lothian Pension Fund Triennial Actuarial Review of 2017, Partnership contribution rates have been advised until 2020/21. The risk is therefore for future years.	4	Probable	3	Moderate	12	Medium	Low-Medium Tolerate	June March 202019 Partnership Director
6.8	Current staffing levels cannot be maintained due to funding constraints and the Partnership incurs staff release costs	Financial	3	Possible	4	Major	12	Medium	The 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	4	Major	12	Medium	Low-Medium: Other funding sources will continue to be pursued. Tolerate	June March 202019 Partnership Director
6.9	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 Currently involved in 6 EU projects, the completion of which are underwritten by the UK Treasury.	June March 202019 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 June 2019 2020 .	1	Remote	2	Minor	2	Low	Low Tolerate	June Nov-2019 Partnership Director

R008	<p>Corporate: Removal of RTPs as part of the review of the National Transport Strategy-Regional governance review.</p>	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. NTS2 Roles and Responsibilities Working Group have made recommendations which are currently being considered by Transport Scotland.	4	Probable	4	Major	16	High	High: Seek to resolve	June-Nov-2020 Partnership Director
R009	<p>EU Exit-Other Funding Sources: Impact on learning and funding</p>	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 The Partnership has proven track record in securing funding for relevant projects from the UK and other partners. It is anticipated that this will continue.	5	Highly Probable	2	Minor	10	Medium	High-Medium: 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. EU projects secured for further 3 years. Other funding applications will be made when available. Tolerate	June Nov 2020 Partnership Director
R010	<p>Governance: Succession Planning Business Continuity</p>	People	3	Possible	3	Moderate	9	Medium	Governance Scheme contains adequate provision to deal with senior officer absence. Staff structure and Business Continuity Plan in place. Senior Partnership Manager appointed.	2	Unlikely	2	Minor	4	Low	Low Tolerate	June Nov 2020 Partnership Director
R011	<p>Third party Service Level Agreements: Failure or inadequacy of service</p>	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	June-Nov 2020 Partnership Director

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			Probability	Impact	Risk Score			Probability	Impact	Risk Score							
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	Partnership Director appointed May 2019. Funds identified for RTS re-write	June 2019 CLOSED
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. Occupancy Agreement renewed until February 2022.	3	Possible	3	Moderate	9	Medium		June 2019 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	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		June 2019 CLOSED

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	
				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
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.