

## Risk Management

### 1. INTRODUCTION

- 1.1 The purpose of this report is to provide the Partnership with its six-monthly update on the risk register and to advise of the proposed development of a risk framework policy, as recommended by Internal Audit as part of its recent audit of resilience arrangements within SEStran.

### 2. MAIN REPORT

- 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 Board should note the key changes made to the register since the last update are as follows:

- **R006 (6.7) Finance**  
This risk has been closed following the adoption of the EU Withdrawal Agreement.
- **R012 (12.1) Pandemic/Epidemic**  
This is a new risk to deal with issues that could arise from inadequate measures to facilitate staff health, safety and well-being working in the office environment.
- **R012 (12.2) Pandemic/Epidemic**  
This is a new risk to deal with issues that could arise from inadequate measures to facilitate staff health, safety and well-being in home working arrangements.

### 3. RISK FRAMEWORK POLICY

- 3.1 The Internal Audit report for 2019/20 has recommended that the organisation should develop a risk management framework to support the risk register. The framework should detail how risks will identified; recorded; assessed and managed. In addition, it should include a risk appetite statement that defines the amount of each type of risk that SEStran is prepared to accept.

- 3.2 Management have agreed to develop this framework over the next 6 months and will present a draft policy and risk template to the Performance and Audit Committee at its meeting in November for approval and implementation.

- 3.3 The Risk Register was presented to Performance and Audit Committee at its meeting on 4<sup>th</sup> June for comment and these are reflected in the final Risk Register.

#### 4. RECOMMENDATIONS

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

Angela Chambers  
**Business Manager**  
June 2021

#### **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	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 looking out for further policies and responding accordingly. Consultative forums also enable greater visibility and integration of local policies into regional strategy. Make full use of online consultancy options.	1	Remote	2	Minor	2	Low	<b>Low.</b> Partnership staff also continue to monitor their networks for relevant policy discussions. RTS re-write process underway. <b>Tolerate</b>	Ongoing 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 oversight by the Programmes Manager. Regular monitoring and management/project team meetings provides all across the organisation with a clear view of progress and expenditure against budget.	2	Unlikely	3	Moderate	6	Low	<b>Low.</b> Regular reports presented to P&A Committee and Partnership Board, which have been revised to provide focused monitoring template. <b>Tolerate</b>	Ongoing Programmes Manager
R003	<b>Digital/IT:</b> Server failure Comms failure: phones Website	System and Technology	3	Possible	4	Major	12	Medium	SEStran will review the Management Plan for Business Continuity. IT/Wesbite maintained under contract. 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 Cyber Essentials Plus Accreditation maintained. <b>Tolerate</b>	Ongoing Business Manager

R004	<b>Reputation:</b> 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. Board members regularly updated on SEStran work successes and issues. 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 and Board Members continue to promote and advocate activities via speaking, writing or wider networking. Continue to work closely with regional partners. Tolerate.	Ongoing Partnership Director
R005	<b>Statutory Duties:</b> Failure to adhere to duties described in legislation and related documentation	Legal and Regulatory	1	Remote	4	Major	4	Low	Board members regularly updated on SEStran work successes and issues. Ongoing monthly liaison with Transport Scotland. Regular liaison with Auditors.	1	Remote	2	Minor	2	Low	<b>Low.</b> Regular monitoring and programming of statutory duties is undertaken by the Partnership Director, Senior Partnership Manager and Business Manager. Audited by third parties. <b>Tolerate</b>	Ongoing Partnership Director
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> Transport (Scotland) Act 2019 includes section on RTPs carrying reserves. <b>Tolerate</b>	November 2021 Partnership Director

6.1	The approved budget for 2021/22 assumes provision for a pay award of 2%, 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 £5,681.	Financial	4	Probable	1	Insignificant	4	Low	Alignment with Scottish Local Government pay policy	4	Probable	1	Insignificant	4	Low	Low Tolerate	November 2021 Partnership Director
6.2	Staff recharges - externally funded projects: The approved budget assumes that £119,000 of staff time can be recharged to externally-funded projects. 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 2021/22, externally-funded projects represent 33% of the approved budget.	4	Probable	2	Minor	8	Medium	Medium: Other funding sources will continue to be pursued. Tolerate	November 2021 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	Medium Tolerate	November 2021 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	November 2021 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 2021/22 developed to take account of most likely level of external income in 2021/22.	4	Probable	3	Moderate	12	Medium	Medium Tolerate: Adapt expenditure accordingly	November 2021 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. Working with the Scottish Government on a regional response to the pandemic should increase likelihood of funding remaining constant if not increasing.	3	Possible	4	Major	12	Medium	<b>Medium Tolerate:</b> 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.	November 2021 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 2020, Partnership contribution rates have been advised until 2023/24. Planning assumptions have been updated and included in the indicative revenue budget 2022/23 to 2023/24 reported to the Partnership Board on 19th March 2021.	4	Probable	3	Moderate	12	Medium	<b>Medium Tolerate</b>	November 2021 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. Additional resources can be managed through consultancy as required.	3	Possible	4	Major	12	Medium	<b>Medium:</b> Other funding sources will continue to be pursued. <b>Tolerate</b>	Ongoing Partnership Director
R007	HR: Pension Liabilities Redundancy Contingency Inappropriate Behaviour Staffing/Incapacity	People	3	Possible	3	Moderate	9	Medium	SLA in place until May 2022 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 August 2023	1	Remote	2	Minor	2	Low	<b>Low Tolerate</b>	May 2022 Partnership Director

R008	<b>Corporate:</b> Regional Governance Review.	Strategic	4	Probable	4	Major	16	High	NTS2 Roles and Responsibilities Working Group have made recommendations which are currently being considered by Transport Scotland. Discussions ongoing with Transport Scotland who have indicated they are receptive to enhanced role for RTPs during current phase of lockdown release. NTS2 Roles and Responsibilities WG resumed meetings in September 2020 to consider regional governance arrangements. Monthly meetings between TS and RTPs established May 2020	4	Probable	4	Major	16	High	<b>High:</b> <b>Seek to resolve</b>	Ongoing Partnership Director
R009	<b>Other Funding Sources:</b> 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. The Partnership has a 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	<b>Medium:</b> The risk remains 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, with possible extension to two projects. Other funding applications will be made when available. <b>Tolerate</b>	Ongoing Partnership Director
R010 10.1	<b>Governance:</b> Succession Planning Business Continuity	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	<b>Low</b> <b>Tolerate</b>	November 2021 Partnership Director
10.2	Local Government Elections in May 2022 coincides with end of term of NCM's Risk of lack of continuity and loss of expertise.	People	3	Possible	3	Moderate	9	Medium	Early arrangements for reappointment/recruitment of NCMs	2	Unlikely	2	Minor	4	Low	<b>Low</b> <b>Tolerate</b>	November 2021 Partnership Director

R011	<b>Third party Service Level Agreements:</b> 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	<b>Low Tolerate</b>	November 2021 Partnership Director
R012 12.0	<b>Pandemic / Epidemic:</b> Interruption of normal service/inability to deliver functions. Financial impact of crisis on sources of funding.	Strategic	3	Possible	4	Major	12	Medium	Adhere to Government restrictions, rules or guidance. Regular communication with Transport Scotland and constituent councils officials to guide any operational changes. Business Continuity Plan. Maintain current functions that can be delivered within working guidance.	3	Possible	3	Moderate	9	Medium	<b>Medium:</b> An ongoing risk remains for future spikes of Covid-19 or other kinds of disease outbreaks <b>Tolerate</b>	Ongoing Partnership Director
12.1	Inadequate measures in place to facilitate staff health, safety and well-being during contingency arrangements or future office arrangements.	People	3	Possible	4	Major	12	Medium	Review and update appropriate policies . Carry out appropriate assessments of office equipment and working arrangements. Follow mitigating actions identified in the COVID Return to Office Working protocol to protect staff. Further develop Risk Management Framework with P&A Committee. Refresh Business Continuity Plan. Liaise with HR Adviser, SG facilities team. Review transition arrangements to normal working arrangements	3	Possible	3	Moderate	9	Medium	<b>Medium</b> An ongoing risk remains for future pandemics and future widespread disease or other outbreaks. Measures will be adjusted in accordance with government advice. <b>Tolerate</b>	September 21 Partnership Director (Subject to SG advice)
12.2	Inadequate measures in place to facilitate staff health, safety and well-being during working from home arrangements.	People	3	Possible	4	Major	12	Medium	Review and update appropriate policies . Carry out appropriate risk assessments of staff personal home working arrangements. Follow mitigating actions identified in the assessment to protect staff. Further develop Risk Management Framework with P&A Committee. Refresh Business Continuity Plan. Liaise with HR Adviser. Review transition arrangements to normal working arrangements	3	Possible	3	Moderate	9	Medium	<b>Medium</b> An ongoing risk remains for future pandemics and future widespread disease or other outbreaks. Measures will be adjusted in accordance with government advice and legislation. <b>Tolerate</b>	September 21 Partnership Director (Subject to SG advice)

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								
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 <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. Occupancy Agreement renewed until February 2022.	3	Possible	3	Moderate	9	Medium		June 2019 <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	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 <b>CLOSED</b>
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.	4	Probable	3	Moderate	12	Medium	<b>Medium Tolerate:</b> Adapt expenditure accordingly Currently involved in 5 EU projects, the completion of which are underwritten by the UK Treasury.	June 2021 <b>CLOSED</b>

Likelihood		Severity		Risk Score		At Risk	
1	Remote	1	Insignificant	1	Low Risk	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	Medium Risk	Specific Operational	
				8		External	
				9		Legal and Regulatory	
				10		People	
				12	High Risk	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 £5,000,000.
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.