

PERFORMANCE & AUDIT COMMITTEE

**Dean of Guild Courtroom, City Chambers, Edinburgh, EH1 1YJ
Or Microsoft Teams
Friday 17th November 2023 – 1:00pm**

AGENDA

	Page Nos.
1. ORDER OF BUSINESS	
2. APOLOGIES	
3. DECLARATIONS OF INTEREST	
4. MINUTES OF THE P&A COMMITTEE	
(a) Friday 8th September 2023	2
(b) Special P&A meeting 19th September 2023	7
5. INDICATIVE FINANCIAL PLAN 2024/25 TO 2025/26 - Report by Richard Lloyd-Bithell/Iain Shaw	9
6. RISK MANAGEMENT FRAMEWORK – Report by Angela Chambers	18
7. BUSINESS PLAN DEVELOPMENT 2024-2027 – Report by Keith Fiskén	33
8. DATE OF NEXT MEETING	
The proposed date of the next meeting is Friday 1st March 2024	

Gavin King
Secretary to SESTRAN
Head of Democracy, Governance and Resilience
Strategy & Insight Division
The City of Edinburgh Council
Waverley Court 2.1
Edinburgh
EH8 8BG

10th November 2023

Telephone: 0131 529 4239 or E-mail: gavin.king@edinburgh.gov.uk Agendas and papers for all SEStran meetings can be accessed on www.sestran.gov.uk

PERFORMANCE & AUDIT COMMITTEE

**Dean of Guild Court Room, City Chambers, Edinburgh, EH1 1YJ
and via Microsoft Teams
on Friday 8 September 2023
1.00pm**

PRESENT:	<u>Name</u>	<u>Organisation Title</u>
	Councillor Imrie (Chair)	Midlothian Council
	Councillor Arthur	City of Edinburgh Council
	Councillor Pattle	West Lothian Council
	Callum Hay	Non-Councillor Member
	Doreen Steele	Non-Councillor Member

IN ATTENDANCE:	<u>Name</u>	<u>Organisation Title</u>
	Brian Butler	SEStran
	Cheryl Fergie	SEStran
	Keith Fisker	SEStran
	Lesley Birrell	City of Edinburgh Council
	Iain Shaw	City of Edinburgh Council
	Christopher Gardner	Audit Scotland

Action by

A1. ORDER OF BUSINESS

It was confirmed that there was no change to the order of business.

A2. APOLOGIES

Apologies were submitted on behalf of Councillor Derek Glen (Fife Council), Simon Hindshaw (Non-Councillor Member), Councillor Fiona Law (Clackmannanshire Council), Councillor Jenny Linehan (Scottish Borders Council), Councillor John McMillan (East Lothian Council), John Scott (Non-Councillor Member) and Gavin King (City of Edinburgh Council).

A3. DECLARATION OF INTERESTS

None.

A4. MINUTES

To approve the minute of the Performance and Audit Committee of 2 June 2023 as a correct record.

A5 EXTERNAL AUDIT UPDATE

The external auditor advised Members that the audit was substantially complete but that two issues required to be addressed in the accounts before a final opinion could be formed.

The two issues raised in the accounts related to pension asset and liability and debtor entries on ERDF Funding.

The Principal Accountant acknowledged the tight timelines and advised that officers were working as quickly as possible to respond to the queries which had been raised by the external auditor. Work was also being undertaken with the actuary and partnership officers to address the debtor entries in the accounts.

Members agreed it was important that the external audit report and the accounts should be submitted to the Performance and Audit Committee for detailed scrutiny in advance of being presented to the Partnership Board for approval.

Decision

- 1) To note the verbal update from the external auditor.
- 2) To agree that a special meeting of the Performance and Audit Committee would be arranged to consider the external auditor's report and the audited annual accounts, on a date and time to be agreed, in advance of the full Board meeting scheduled to be held on 22 September 2023.

A6. BUSINESS PLANNING AND STRATEGY WORKING GROUP

The Senior Partnership Manager provided a verbal update on the working group which had been established to work on the Partnership's next iteration of its business plan.

The working group included Councillor Pattle, Doreen Steele and Simon Hindshaw and had already met on a couple of occasions. Meetings had been timetabled on a monthly basis on Monday mornings. The Senior Partnership Manager advised that any other members interested in participating in the Group would be welcome.

A positive start had been made and it was anticipated that the newly formatted business plan would be available to submit to the Board in March 2024.

Decision

To note the update.

(Reference – Performance and Audit Committee 2 June 2023 (item A6)

A7. CONCORDAT BETWEEN SESTRAN AND THE EDINBURGH AND SOUTHEAST SCOTLAND CITY REGION DEAL

An update was provided on the progress being made on discussions between SEStran and the Edinburgh and South-East Scotland City Region Deal towards:

- aligning their activities to ensure that regional plans could deliver shared outcomes through targeted transport interventions.
- defining how new transport interventions would progress from strategy to delivery through the appropriate governance structures depending on the activity.

A working group had been established comprising representatives from SEStran, each of the six local authorities covered by the City Region Deal and the City Region Deal Programme Management Office.

The working group had developed a draft concordat which had now been considered by each City Region Deal local authority. The draft concordat had also been shared with Clackmannanshire and Falkirk Councils for consideration.

As a non-binding operational document, the concordat had not required any formal approval and had been accepted by all parties at Director level with minimal amendments.

The Electric Vehicle Charging Strategy had been expanded to cover Falkirk and Clackmannanshire and the Regional Transport Strategy Delivery Plan (formerly Regional Transport Masterplan) now covered all eight local authorities.

Members requested that officers consider the equalities implications and impact assessments section in terms of future reporting.

The Partnership Director confirmed that equalities impact reporting had been discussed and that this would be a real focus going forward.

Decision

- 1) To note that the Concordat would be presented to the Partnership Board meeting on 22 September 2023.
- 2) To note that officers would consider the equalities impact assessment aspects of future reporting.

(Reference – report by the SEStran Partnership Director, submitted)

A8. DEVELOP TO DELIVER UPDATE

The Partnership Director provided a verbal update on national transport governance and specifically the Develop to Deliver Report on optimising the role of Regional Transport Partnerships in furthering improvements to transport in Scotland.

Between 2013 and the start of the pandemic a lot of work had been done on the Strategy. Work had been commissioned by Jacobs Consultants who had developed a range of options with the preferred option being that prominence should be given to a regional approach to transport governance, with Regional Transport Partnerships and Growth Deals working closely together to deliver transport improvements.

The 7 Regional Transport Partnerships had been working jointly to refresh the Develop to Deliver Report and good progress was being made across a number of key areas.

Decision

To note the verbal update and that a paper providing further details on the Develop to Delivery Strategy would be submitted to the next meeting of the Performance and Audit Committee on 17 November 2023.

A9. STAFFING UPDATE

An update was provided on the review of the organisational structure within the Partnership.

The review had been conducted in consultation with SEStran staff, SEStran's Human Resources Adviser and Financial Accountant and a specialist job evaluation consultant to devise a long-term and flexible solution for staffing to enable effective and efficient delivery of key priorities, tackled the challenges being faced by the organisation and to provide a structure to support the development of all staff.

The revised organisational structure was set out in appendix 1 of the report by the Business Manager. All staffing and resourcing activity had been carried out within agreed budgets and expenditure levels.

This included:

- The promotion of Keith Fiskin to Senior Partnership Manager
- The fulltime appointment of Beth Harley-Jepson to Projects

Officer (Beth was previously employed by Cycling Scotland but spent 50% of her time on SEStran project work)

- The appointment of a new Strategy Manager, who will join SEStran on 31 October
- The appointment of a new Communications and Marketing Officer, who will join SEStran on
- The appointment of a new Programme Manager, who will join SEStran on 6 November

Decision

To note the report.

(Reference – report by the SEStran Business Manager 1 September 2023, submitted)

A10. DATE OF NEXT MEETING

Friday 17 November 2023 at 1pm.

**PERFORMANCE & AUDIT COMMITTEE
 (SPECIAL MEETING)**

**REMOTE MEETING VIA MS OFFICE TEAMS
 ON TUESDAY 19 SEPTEMBER 2023 AT 2.00PM**

PRESENT:	<u>Name</u>	<u>Organisation Title</u>
	Councillor Imrie (Chair)	Midlothian Council
	Councillor Linehan	West Lothian Council
	Simon Hindshaw	Non-Councillor Member
	John Scott	Non-Councillor Member

IN ATTENDANCE:	<u>Name</u>	<u>Organisation Title</u>
	Brian Butler	SEStran
	Angela Chambers	SEStran
	Colin McCurley	Internal Audit, City of Edinburgh Council
	Christopher Gardner	Audit Scotland
	Iain Shaw	City of Edinburgh Council
	Lesley Birrell	City of Edinburgh Council

Action by

A1. ORDER OF BUSINESS

It was confirmed that there was no change to the order of business.

A2. APOLOGIES

Councillor Glen (Fife Council), Councillor Pattle (West Lothian Council), Callum Hay (Non-Councillor Member) and Doreen Steele (Non-Councillor Member).

A3. DECLARATION OF INTERESTS

None.

**A4 2022/2023 ANNUAL AUDIT REPORT AND AUDITED ANNUAL
 ACCOUNTS 2022/23**

The external auditor summarised the findings arising from the 2022/23 external audit as presented to members in the Annual Audit

Report.

An unqualified opinion had been given on the financial statements and other prescribed matters. The auditor's opinion stated that the financial statements gave a true and fair view of the state of affairs of the Board at 31 March 2023 and its income and expenditure for the year then ended.

One significant finding had been reported relating to the recognition of the pension asset. The annual report and accounts presented for audit had disclosed a pension asset of £0.647m. This had been reduced to zero with a corresponding adjustment to the pension reserve for the final version in line with the requirements of accounting standards.

The external auditor thanked the Partnership senior management team and the City of Edinburgh Council finance team for their commitment in ensuring that the audit had been carried out smoothly and efficiently.

Decision

- 1) To note the Annual Audit Report to members of the South East of Scotland Transport Partnership and the Controller of Audit.
- 2) To note the audited accounts and the Auditor's opinion in the audit certificate.

(References – SEStran Partnership Board 16 June 2023 (item A3); report by the Treasurer, submitted)

Indicative Financial Plan 2024/25 and 2025/26

1. Introduction

- 1.1 This report provides an update on financial planning being progressed for the 2024/25 revenue budget and an indicative plan for 2025/26.

2. Main Report

Scottish Government Budget 2024-25

- 2.1 The Scottish Government Budget is scheduled to be announced on 19 December 2023.
- 2.2 It is anticipated Scottish Government funding to Regional Transport Partnerships (RTPs) for 2024/25 will be advised early in 2024.

Financial Planning 2024/25 and 2025/26

- 2.3 The three-year planning assumptions presented to the Partnership on 17th March 2023 have been updated.
- 2.4 As [reported](#) to the Partnership Board on 17th March 2023, a strategic realignment of the Partnership's organisation structure has been undertaken, in order to support delivery of the Regional Transport Strategy (RTS).
- 2.5 Responsibility has been assigned to the Senior Partnership Manager to proactively secure additional funds to ensure delivery of key strands of the RTS through targeted approaches to Transport Scotland, the EU Horizon Fund, UK Innovate Fund, industry partners, UK Department for Transport, and branches of the Scottish Government other than Transport Scotland. Annual funding targets will be agreed, monitored and reported to Performance and Audit Committee and the Partnership Board.
- 2.6 A Strategy Manager has been recruited to the existing post to work closely with partners and stakeholders to ensure that key actions identified in the RTS are prioritised are translated into fully funded and deliverable plans. The Strategy Manager will work closely with the Senior Partnership Manager on the identification of opportunities for funding and to build the associated business cases.
- 2.7 A dedicated resource has been recruited to raise the Partnership's profile through the development and implementation of a comprehensive communications strategy with plans to support all key strategies, projects and products. This will increase brand recognition and the association of the Partnership with a track record of delivery and, therefore, make it a preferred partner for transport investments. The

Communications and Marketing Officer will also support all funding applications by building a library of templates, evidence, and key messages.

- 2.8** As a consequence of these changes, there is an increase of £43,000 in the cost of the current Partnership organisation structure at this stage of the financial planning process.
- 2.9** It is anticipated that funding will increase in future years, but a cautious approach has been taken in the preparation of the current budget estimates and no additional income has been assumed at this stage.
- 2.10** In addition, it is anticipated that a significant portion of employee costs will be recharged to the numerous projects that will be initiated and progressed towards realising the RTS, or projects that are already in train. Current practice has been for the Partnership to absorb most of these costs. EU-funded projects were an obvious exception to this practice.
- 2.11** Further budget development will be undertaken, with an update provided to the next meeting of Performance and Audit Committee as the Partnership works through both funding opportunities and recharging employee costs.
- 2.12** The 2023/24 Local Government pay award has resulted in an additional cost of £25,000.
- 2.13** Financial planning continues to be based on an employers Pension Fund contribution rate of 33.1%, following the 2020 Actuarial Valuation. The outcome of the 2023 Actuarial Valuation will be available in early 2024 to update budget estimates.
- 2.14** An analysis of the indicative Core budget for 2024/25 and 2025/26 is shown in Appendix 1.
- 2.15** A roll forward of Project budget activity from 2024/25 to 2025/26 is shown in Appendix 2(a) and 2(b).
- 2.16** Indicative financial planning from 2024/25 to 2025/26 is based on receiving £782,000 grant from the Scottish Government and £190,000 from constituent council requisitions. This represents a stand-still in grant and Council requisitions.
- 2.17** Based on updated Core budget costs and a roll forward of the indicative Project financial plan for 2024/25 and 2025/26, there is a funding shortfall of £68,000 in 2024/25 (£74,000 in 2025/26). This is shown in Appendix 3.
- 2.18** Appendix 3 shows all budgeted expenditure and income since 2018/19. Scottish Government grant funding has remained fixed at £782,000 since 2011/12. Council requisitions reduced by 5% in 2017/18 from £200,000 to £190,000.
- 2.19** For 2024/25, external income of £539,000 is anticipated to fund 34% of indicative expenditure.
- 2.20** 2023/24 Council requisitions are shown in the table below, for reference.

Council	Requisition
Clackmannanshire	£6,047
East Lothian	£12,858
Edinburgh	£61,773
Falkirk	£18,856
Fife	£43,969
Midlothian	£11,109
Scottish Borders	£13,613
West Lothian	£21,775
Total	£190,000

- 2.21** In accordance with the provisions of the Transport Scotland (2019) Act, the Partnership has agreed a Reserves Policy and established an unallocated General Fund reserve of £49,000, based on 5% of the core revenue budget.
- 2.22** An earmarked balance of £159,000 was established following slippage on Project delivery and Core budget underspend in 2022/23. The indicative financial plan assumes the balance of £159,000 will be fully spent in 2023/24.
- 2.23** A risk assessment for 2024/25 is included at Appendix 4.

3 Next Steps

- 3.1** Following review by Performance and Audit Committee, a report on financial planning for 2024/25 to 2025/26 will be presented to the Partnership Board on 1st December 2023 for review.
- 3.2** The Partnership's Core and Projects budgets will continue to be developed in order to achieve expenditure within available funding, prior to a budget for 2024/25 being presented to the Partnership Board for approval at its meeting in March 2024.

4 Recommendation

- 4.1** It is recommended that the Performance and Audit Committee.
- 4.1.1** note the financial planning assumptions for the period 2024/25 to 2025/26;
- 4.1.2** note that financial planning for 2024/25 to 2025/26 will continue to be developed for approval of a revenue budget by the Partnership at its meeting in March 2024;
- 4.1.3** note that the proposed budget is subject to a number of risks. All income and expenditure of the Partnership will continue to be monitored closely with updates reported to each Partnership meeting.

5 Background Reading/External References

- 5.1** [Revenue Budget 2023/24 and Indicative Financial Plan 2024/25 to 2025/26](#) – report to South East Scotland Transport Partnership 17th March 2023

5.2 [Partnership Director's Report](#) – report to South East Scotland Transport Partnership 17th March 2023

Richard Lloyd-Bithell

Treasurer

13th November 2023

- Appendix** Appendix 1 – Indicative Core Budget 2024/25 to 2025/26
 Appendix 2(a) – Projects – Indicative Activity 2024/25
 Appendix 2(b) - Projects - Indicative Activity 2025/26
 Appendix 3 – Summary of Revenue Budget 2018/19 – 2025/26
 Appendix 4 - Risk Assessment 2024/25

Contact iain.shaw@edinburgh.gov.uk

Policy Implications	There are no policy implications arising as a result of this report.
Financial Implications	There are no financial implications arising.
Equalities Implications	There are no equality implications arising as a result of this report.
Climate Change Implications	There are no climate change implications arising as a result of this report.

Indicative Core Budget 2024/25 and 2025/26

	Approved Budget 2023/24	Indicative Budget 2024/25	Indicative Budget 2025/26
	£000	£000	£000
Employee Costs			
Salaries	428	499	523
National Insurance	49	59	63
Pension Fund	151	165	173
Recharges	(4)	0	0
Recharges – Cycling Officer	(20)	0	0
Training & Conferences	10	10	10
Interviews & Advertising	2	2	2
	616	735	771
Premises Costs	18	18	18
Transport	8	8	8
Supplies and Services			
Communications & Computing	48	48	48
Hosted ICT – Novus FX	44	44	44
Printing, Stationery & General Office Supplies	7	7	7
Insurance	7	7	7
Equipment, Furniture, Materials, Miscellaneous	4	4	4
	110	110	110
Support Services			
Finance	31	31	31
Legal Services / HR	7	7	7
	38	38	38
Corporate & Democratic			
Clerks Fees	12	12	12
External Audit Fees	12	12	12
Members Allowances and Expenses	1	1	1
	25	25	25
Interest	0	0	0
Total Gross Expenditure	815	934	970
Funding			
Scottish Government Grant	(625)	(744)	(780)
Council Requisitions	(190)	(190)	(190)
Total Funding	(815)	(934)	(970)

Projects – Indicative Activity 2024-25
Appendix 2(a)

	2023-24	2024-25			
Service	Approved Budget £'000	Gross Expenditure £'000	Income £'000	Net Expenditure £'000	Activity
Sustainable Travel	28	31	0	31	
Urban Cycle Network	0	100	(100)	0	100% funded by Sustrans.
Urban Cycling	21	0	0	0	
Active Travel Fund	0	400	(400)	0	
RTS Development	18	18	0	18	
GO e-BIKE	10	10	0	10	
Thistle Assistance	6	30	(24)	6	
Consultancy support	43	21	0	21	
Equalities Action Forum	10	10	0	10	
EU – Funded Projects					
Surflogh	3	0	0	0	Ended 2023/24
Bling	3	0	0	0	Ended 2023/24
Primaas	2	0	0	0	Ended 2023/24
Connect	3	0	0	0	Ended 2023/24
Real-Time Passenger Information System (RTPI)					
Maintenance	25	25	0	25	
Income – screens	(15)	0	(15)	(15)	
Total	157	645	(539)	106	

Projects - Indicative Activity 2025-26

Appendix
2(b)

	2024/25	2025-26			
Service	Indicative Budget £'000	Gross Expenditure £'000	Income £'000	Net Expenditure £'000	Activity
Sustainable Travel	31	1	0	1	
Urban Cycle Network	0	100	(100)	0	100% funded by Sustrans.
Active Travel Fund	0	450	(450)	0	
RTS Development	18	18	0	18	
GO e-BIKE	10	10	0	10	
Thistle Assistance	6	30	(24)	6	
Consultancy support	21	21	0	21	
Equalities Action Forum	10	10	0	10	
Real-Time Passenger Information System (RTPI)					
Maintenance	25	25	0	25	
Income – screens	(15)	0	(15)	(15)	
Total	106	665	(589)	76	

Summary of Revenue Budget 2018/19 – 2025/26

	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Core	531	584	581	663	619	774	934	970
Projects	614	590	1,030	786	882	688	620	640
RTPI	108	100	50	23	25	25	25	25
Total Budget	1,253	1,274	1,661	1,472	1,526	1,487	1,579	1,635
External Funding								
EU Grants	139	82	142	106	210	26	0	0
Other income	142	220	547	394	344	489	539	589
Total External Funding	281	302	689	500	554	515	539	589
Scottish Government	782	782	782	782	782	782	782	782
Council Requisition	190	190	190	190	190	190	190	190
Total Funding	1,253	1,274	1,661	1,472	1,526	1,487	1,511	1,561
Shortfall	-	-	-	-	-	-	68	74

Risk Description	Existing Controls
<p>Pay awards The indicative budget makes provision for a pay award of up to 3% in 2024/25. An uplift of 1% in pay award equates to an increase of £7,111.</p>	<p>Alignment with Local Government Pay Policy.</p>
<p>Inflation There is a risk that the indicative budget does not adequately cover price inflation and increasing demand for services.</p>	<p>Allowance made for specific known price inflation. Budgets adjusted in line with current cost forecasts.</p>
<p>Pension Fund Contributions The value of the Partnership's pension fund was restricted to 'Nil' at 31 March 2023, following proper accounting practice. The actual surplus may lead to a decrease in future employer's pension fund contributions.</p>	<p>The outcome of the Lothian Pension Fund's Triennial Actuarial Review in 2023 will be confirmed prior to the Partnership Board being recommended to approve the budget for 2024/25.</p>
<p>Funding Reductions Reduction in funding from Scottish Government and/or council requisitions.</p> <p>There is a risk that current levels of staffing cannot be maintained due to funding constraints and that the Partnership will incur staff release costs.</p>	<p>Continue to seek to source external funding.</p> <p>Recruitment control and additional sources of external funding for activities aligned to the Partnership's objectives to supplement resources.</p>

Risk Register

1. INTRODUCTION

- 1.1 The purpose of this report is to provide the Performance and Audit Committee with its six-monthly update on SEStran's risk register.

2. BACKGROUND

- 2.1 The Performance and Audit Committee, at its meeting in November 2021 approved the [SEStran Risk Management Framework Policy](#). This policy supports the management of the overall risk process within the organisation, including its governance arrangements.
- 2.3 The latest version of the risk register can be found at **Appendix 1** of this report.

3. MAIN REPORT

- 3.1 The Committee should note that all changes made to the register are highlighted in red. Key changes made to the register since the last update are as follows:

3.1.1 **R001 (1.1) Strategic - Regional Governance**

The risk has been updated to include planned response details on RTP joint working provisions, including the refreshed Develop to Deliver report, which will be finalised by the end of the calendar year. The risk appetite score for this risk is low to medium. All mitigating actions are being taken to manage the risk but it remains high.

3.1.2 **R001 (1.2) Strategic - Regional Governance**

This risk details the lack of clarity on the role of non-statutory bodies and has been updated to include the concordat between SEStran and its constituent councils. The net risk score is medium with a risk appetite score of low to medium and due to the mitigating measures in place, the risk will be tolerated.

3.1.3 **R002 (2.5) Financial - Sources of Additional Income**

There is a risk that sources of funding may be constrained. The net risk score has been calculated as medium, whilst the risk appetite score is rated as low to medium. Additional actions after mitigation have been included to treat the risk, including exploring alternative funding options and lobbying/bidding for additional funding. The budget for 2023/24 has also been confirmed.

3.1.4 **R002 (2.9) Financial – Other Funding Sources**

This risk has now been closed. It specifically addressed the lack of access to EU project funding and as all SEStran/EU funded projects have

ceased, any risks associated with lack of funding will be addressed under risk 2.5.

3.1.5 R003 (3.2) Reputational – Project Management

This risk is seeking to address any issues around supplier insolvency. Whilst the net risk score is medium and within the risk appetite range, new mitigating measures are being undertaken to reduce the risk, although the implementation of these has been extended to January 2024.

3.1.6 R005 (5.1) External - Contract Management

This risk to address the implications of poor contract management has been updated with a new completion date of January 2024.

3.1.7 R005 (5.2) External – Grant Funding

This new risk has been developed to mitigate the consequences of failure to comply with conditions of grant, resulting in funding being withheld or reclaimed. Whilst the risk score is medium and within the risk appetite tolerance range, the risk requires treatment and is linked to risk 2.9 Other Funding Sources.

3.1.8 R009 (9.1) and (9.2) – Inadequate Measures for Staff Health Safety & Wellbeing

Staff have been working successfully on a hybrid working arrangement therefore these risks have been downgraded to low and will be tolerated. Management will continue to review and monitor all relevant policies and government guidelines.

3.1.9 R009 (9.3) People – Loss of Key Personnel

This identifies the risks to the organisation due to loss of key staff and the actions and measures in place to mitigate those risks. An update has been added to reflect that staff will be at full complement as of 20 November 2024.

4. RECOMMENDATIONS

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

4.2 To note that a final version of the Risk Register will be referred to the Partnership Board for noting;

Angela Chambers
Business Manager
11 November 2023

Appendix 1: SEStran Risk Register

Policy Implications	Policies have been reviewed and updated.
Financial Implications	As highlighted in the register.
Equalities Implications	None
Climate Change Implications	None

Risk Number	Risk Category	Risk Detail	Gross Risk Assessment				Planned Response/Mitigation	Net Risk Assessment				Risk After Mitigation	Date and Owner	Risk Appetite		Action Required				
			Probability	Impact	Risk Score			Probability	Impact	Risk Score				Low	Med					
R001 1.1	Strategic	Regional Governance Transport Scotland review of regional transport governance arrangements could result in changes to functions of RTPs. This could present either a risk or an opportunity to SEStran.	4	Probable	4	Major	16	High	SG has paused the NTS2 WG review of regional governance arrangements, but RTPs are working together to persuade SG to re-start the review. This will include presenting a refreshed business case to Transport Scotland. SEStran will also aim to create a 'coalition of the willing' amongst partner LAs. The joint RTPs are finalising a refreshed Develop to Deliver report which will submitted to SG by the end of the calendar year.	4	Probable	4	Major	16	High	High Treat (because mitigations are ongoing)	Ongoing Partnership Director	Low	Med	↓
R001 1.2	Strategic	Regional Governance Lack of clarity on role of non statutory REP/ESES City Region Deal groupings	4	Probable	3	Possible	12	Medium	Joint working group created between SEStran and ESESCRD members to agree working arrangements As a result of the joint working group a Concordat has been agreed between SEStran and the partner LAs	2	Unlikely	3	Possible	9	Medium	Medium Treat Tolerate	July 2023 Ongoing Partnership Director	Low	Med	↔
R001 1.3	Strategic	Pandemic / Epidemic: Interruption of normal service/inability to deliver functions. Financial impact of crisis on sources of funding.	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	Medium An ongoing risk-remains for future spikes of Covid-19 or other kinds of disease outbreaks Working from home arrangements now tried and tested and effective. Tolerate	Ongoing Partnership Director	Low	Med	↔




<p>R002 2.0</p>	<p>Financial</p>	<p>Financial: Significant deviation from budgeted spend</p>	<p>2</p>	<p>Unlikely</p>	<p>3</p>	<p>Moderate</p>	<p>6</p>	<p>Low</p>	<p>The Financial Rules do not permit spending (whether revenue or capital) to exceed available budget. Budget and spend is monitored on a monthly basis by SEStran officers, using financial information provided by 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.</p>	<p>1</p>	<p>Remote</p>	<p>2</p>	<p>Minor</p>	<p>2</p>	<p>Low</p>	<p>Low Transport (Scotland) Act 2019 includes section on RTPs carrying reserves. Tolerate</p>	<p>November 2023 Partnership Director</p>	<p>Low</p>	<p>Med</p>	
<p>R002 2.1</p>	<p>Financial</p>	<p>The approved budget for 2023/24 makes provision for a pay award of up to 3%.</p>	<p>5</p>	<p>Highly Probable</p>	<p>3</p>	<p>Moderate</p>	<p>15</p>	<p>High</p>	<p>Prudent planning assumption with ongoing monitoring of public sector pay negotiations.</p>	<p>4</p>	<p>Probable</p>	<p>3</p>	<p>Moderate</p>	<p>12</p>	<p>Medium</p>	<p>Medium Ongoing monitoring and review of all costs and forecasts during 2023/24. Costs will be aligned with COSLA pay offer. Tolerate</p>	<p>November 2023 Partnership Director</p>	<p>Low</p>	<p>Med</p>	
<p>R002 2.2</p>	<p>Financial</p>	<p>Staff recharges - externally funded projects: The approved budget assumes that £4,000 of staff time can be recharged to Projects. There is a risk this may not be achievable.</p>	<p>3</p>	<p>Possible</p>	<p>3</p>	<p>Moderate</p>	<p>9</p>	<p>Medium</p>	<p>Any shortfall in employee cost recharges will be offset by a corresponding reduction in Projects Budget expenditure.</p>	<p>3</p>	<p>Possible</p>	<p>3</p>	<p>Moderate</p>	<p>9</p>	<p>Medium</p>	<p>Medium Other funding sources will continue to be pursued. Tolerate</p>	<p>November 2023 Partnership Director</p>	<p>Low</p>	<p>Med</p>	
<p>R002 2.3</p>	<p>Financial</p>	<p>Inflation: There is a risk that the indicative budget does not adequately cover price inflation and increasing demand for services.</p>	<p>4</p>	<p>Probable</p>	<p>4</p>	<p>Major</p>	<p>16</p>	<p>High</p>	<p>When setting the revenue budget, allowance was made for specific known price inflation. Budgets adjusted in line with current cost forecasts.</p>	<p>4</p>	<p>Probable</p>	<p>3</p>	<p>Moderate</p>	<p>12</p>	<p>Medium</p>	<p>Medium Ongoing monitoring and review of all costs and forecasts during 2023/24. Tolerate</p>	<p>November 2023 Partnership Director</p>	<p>Low</p>	<p>Med</p>	

R002 2.4	Financial	Delays in payment of external grants results in additional short-term borrowing costs.	3	Possible	3	Moderate	9	Medium	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	3	Moderate	9	Medium	Medium Grant submission procedures in place, along with financial planning. Tolerate	November 2023 Partnership Director	Low	Med	↔
R002 2.5	Financial	Sources of additional income to the Partnership may become constrained in the current economic climate and/or due to changes in operating arrangements.	4	Probable	4	Major	16	High	Active Travel funding a high priority for Government with funds consistently available to bid for. Revenue budget for 2023/24 developed to take account of most likely level of external income in 2023/24. Budget confirmed for 2023/24	3	Possible	4	Major	12	Medium	Medium Continue to explore alternative funding options Lobby/bid for additional funds Treat	June 2023 Ongoing Partnership Director	Low	Med	↓
R002 2.6	Financial	Funding reductions: Future reductions in core funding from Scottish Government and/or council requisitions. This could result in difficulty in delivering statutory obligations/duties.	3	Possible	4	Major	12	Medium	The Partnership will continue to source and develop external funding.	3	Possible	4	Major	12	Medium	Medium Manage organisation in accordance with available funding but ability of organisation to deliver RTS objectives will inevitably be dictated by available funding. Engagement/advocating with SG/TS to maintain/increase funding Working with other RTPs to influence SG review of allocation of funding Tolerate	June 20 23 24 Partnership Director	Low	Med	↔
R002 2.7	Financial	The funding position of the staff pension fund could lead to increases in the employers pension contribution	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 revenue budget 2023/24 and indicative budget for 2024/25 reported to the Partnership Board on 17th March 2023. The outcome of the Triennial Actuarial Review of 2023 will be included in the revenue budget for 2024/25.	4	Probable	3	Moderate	12	Medium	Medium Tolerate	November 2023 Partnership Director	Low	Med	↔

R002 2.8	Financial	Current staffing levels cannot be maintained due to funding constraints and the Partnership incurs staff release costs	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	Medium Other funding sources will continue to be pursued. Tolerate	Ongoing Partnership Director	Low	Med	
R002 2.9	Financial	Other Funding Sources: Reduced access to EU project funding and lack of replacement funding from UK Government	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. Horizon projects being pursued.	5	Highly Probable	2	Minor	10	Medium	Medium: The risk remains as there is significant uncertainty around the immediate and medium (3-5year) horizon for access to funds. Other funding applications will be made when available. There has been no confirmation from UK Government on participation in EU funded programmes, like Horizon. Advocate for access to UK replacement funds. Explore further ongoing calls for Horizon programme when available. Treat	Ongoing CLOSED Partnership Director	Low	Med	
NEW R002 2.9	Financial	Funding/Grant Awards: The timing of some funding applications and grant awards do not align with the financial year, resulting in an inability to spend allocated funding within prescribed timescales	4	Probable	3	Moderate	12	Medium	The Partnership will seek to introduce a number of suitable on the shelf schemes	3	Possible	3	Moderate	9	Medium	Medium Regular budget monitoring and reports to the Partnership Board. Treat	Ongoing Partnership Director	Low	Med	
R003 3.0	Reputational	Project Management: Project incomplete or of poor quality Late Delivery	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	Low Regular reports presented to the Partnership Board, which have been revised to provide focused monitoring template. Weekly projects staff team meeting to be reinstated with Partnership Director in attendance. Tolerate	Ongoing Programmes Manager	Low	Med	

R003 3.1	Reputational	Reputation: Regard by the public and stakeholders. Negative or inaccurate media coverage leading to misrepresentation of SEStran position	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. 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	Low	Med	↔
R003 3.2	Reputational	Project Management: Potential insolvency of 3rd party supplier	3		4	Major	12	Medium	Improved supplier viability checks before award, renewal or modification of contracts or grants to be introduced by August 2023 January 2024 . Individual risks and mitigations to be developed for any contract or grant over an agreed threshold.	2	Unlikely	4	Major	8	Medium	Medium Full review of procurement procedures to be carried out by Legal Advisers Treat	Ongoing Senior Project Officer Partnership Director	Low	Med	↓
R005 5.0	External	Third party Service Level Agreements: Failure or inadequacy of service	2	Unlikely	2	Minor	4	Low	Service Level Agreements in place for Financial Services, HR and Insurance services. Reviewed annually by senior officers. Subject to independent audit scrutiny. Action: Progress renewals of SLA's to secure continuity of services	2	Unlikely	2	Minor	4	Low	Low Cross RTP discussion exploring viability of introducing shared services Tolerate	September 2023 January 2024 Partnership Director	Low	Med	↔
R005 5.1	External	Contract Management: Failure to manage contracts leads to under performance and failure to obtain best value and delivery from contractual relationship.	3	Possible	4	Major	12	Medium	Conditions of contract are being reviewed, including Contract Standing Orders and Procurement Strategy Ensure contract documentation sound and up to date. Apply adequate supervision to the contract.	2	Unlikely	3	Moderate	6	Low	Low Business propriety/credit/analytic criteria to be written in to documentation. Contract management process to be included as part of full procurement review. Tolerate	August 2023 January 2024 Partnership Director	Low	Med	↔

R005 5.2	External	Grants: Failure to adhere to grant conditions could result in grants being withheld or reclaimed, impacting the SEStran budget	4	Probable	4	Major	16	High	Develop processes to ensure that grant conditions are understood before application is submitted, that relevant team members are briefed on grant conditions, and that adequate controls are in place to ensure that all steps and approvals are documented	2	Unlikely	4	Major	8	Medium	Medium Also refer to risk 2.9. Successful management of risk 5.2, reduces likelihood of risk 2.9 Treat	June 2023- March 2024 Partnership Director	Low	Med	↓
R006 6.0	Legal and Regulatory	Statutory Duties: Failure to adhere to duties described in legislation and related documentation	1	Remote	4	Major	4	Low	Board members regularly updated on SEStran work successes and issues. Ongoing liaison with Transport Scotland and relevant governing bodies. Regular liaison with Auditors.	1	Remote	2	Minor	2	Low	Low Regular monitoring and programming of statutory duties is undertaken by the Partnership Director, Senior Partnership Manager and Business Manager. Audited by third parties. Tolerate	Ongoing Partnership Director	Low	Low	↔
R008 8.0	System and Technology	Digital/IT: Server failure Comms failure Website breach Resulting in loss of service to business operations	3	Possible	4	Major	12	Medium	Regular review of the Management Plan for Business Continuity. IT/Website maintained under contract. Both proactively managed by third parties. IT hardware/software/licences upgraded at regular intervals.	1	Remote	4	Major	4	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 Cyber Essentials Plus Accreditation maintained. Tolerate	Ongoing Business Manager	Low	Med	↔
R009 9.0	People	HR: Non-compliance with employment and/or data privacy laws may result in poor reputation as an employer, difficulty in attracting skilled resource and greater probability of litigation and / or financial penalties	3	Possible	3	Moderate	9	Medium	SLA in place until May 2024-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 2024	1	Remote	3	Moderate	3	Low	Low Tolerate	May-2024 Partnership Director	Low	Low	↔

<p>R009 9.1</p>	<p>People</p>	<p>Inadequate measures in place to facilitate staff health, safety and well-being during contingency arrangements or future office arrangements.</p>	<p>3</p>	<p>Possible</p>	<p>4</p>	<p>Major</p>	<p>12</p>	<p>Medium</p>	<p>Regular review of appropriate policies. Carry out appropriate assessments of office equipment and working arrangements, following landlords guidance in relation to access to the office. Risk Management Framework approved by P&A Committee. Liaise with HR Adviser, SG facilities team. Hybrid Working Policy implemented to facilitate transition arrangements to normal working arrangements</p>	<p>2</p>	<p>Unlikely</p>	<p>3</p>	<p>Moderate</p>	<p>6</p>	<p>Low</p>	<p>Medium Low An ongoing risk remains for future pandemics and future widespread disease or other outbreaks. Measures will be adjusted in accordance with government advice. Treat Tolerate</p>	<p>Ongoing Partnership Director (Subject to SG advice)</p>	<p>Low</p>	<p>Low</p>	
<p>R009 9.2</p>	<p>People</p>	<p>Inadequate measures in place to facilitate staff health, safety and well-being during working from home arrangements.</p>	<p>3</p>	<p>Possible</p>	<p>4</p>	<p>Major</p>	<p>12</p>	<p>Medium</p>	<p>Appropriate policies are reviewed and updated. Risk assessments of staff personal home working arrangements have been completed and will be subject to regular review. Risk Management Framework approved-by P&A Committee. Business Continuity Plan reviewed. Liaise with HR Adviser. Review transition arrangements to normal working arrangements at appropriate time. Hybrid Working Policy will facilitate this- implemented and working well.</p>	<p>2</p>	<p>Unlikely</p>	<p>3</p>	<p>Moderate</p>	<p>6</p>	<p>Low</p>	<p>Medium Low 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. Treat Tolerate</p>	<p>Ongoing Partnership Director (Subject to SG advice)</p>	<p>Low</p>	<p>Low</p>	
<p>R009 9.3</p>	<p>People</p>	<p>Loss of key personnel may lead to inability to deliver strategy and projects.</p>	<p>3</p>	<p>Possible</p>	<p>3</p>	<p>Moderate</p>	<p>9</p>	<p>Medium</p>	<p>Recruitment strategy. Development of existing staff through performance appraisal. Staff training Specialist HR recruitment consultancy</p>	<p>3</p>	<p>Possible</p>	<p>1</p>	<p>Insignificant</p>	<p>3</p>	<p>Low</p>	<p>Low Work programme will be monitored and redistributed as necessary. Recruitment exercise has- commenced-complete and full staff complement in place by 20 Nov 2023. Tolerate</p>	<p>September-2023 Ongoing Partnership Director</p>	<p>Low</p>	<p>Low</p>	

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				Low	Med						
	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			
	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			
	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			
	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	Medium Tolerate: Adapt expenditure accordingly Currently involved in 5 EU projects, the completion of which are underwritten by the UK Treasury.	June 2021	CLOSED			
	Governance: Succession Planning Business Continuity	Governance	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		CLOSED	Partnership Director		
	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 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	Low. Partnership staff also continue to monitor their networks for relevant policy discussions. Draft RTS approved for statutory consultation. Tolerate		CLOSED	Partnership Director	Low Med	↔
	Regional Transport Strategy: Introduction of new RTS. Delay in approval by ministers. Delayed introduction of the new strategy.	Strategic	3	Possible	2	Minor	6	Low	Regular comms with Transport Scotland at all stages in the development of the RTS.	1	Remote	2	Minor	2	Low	Low Tolerate	28 March 2023 Jim Stewart	CLOSED		Low Med	↔
	Newly Appointed Board. Risk of lack of continuity and loss of expertise due to high turnover in members for the new term of office.	Governance	3	Possible	3	Moderate	9	Medium	Ensure that full training and support is provided to the new Board in 2022 to enable strategic decisions to be made. A Regular schedule of meetings of the Succession Planning Committee.	2	Unlikely	2	Minor	4	Low	Low Skills audit will identify future training requirements Option to appoint Board Observers to supplement areas of expertise Partnership Director 1:1 meetings with Board Members Tolerate	Ongoing Partnership Director	CLOSED		Low Med	↔

Risk Description and Impacts Table

Ref	Type of Risk	Description	Impact
R001	Strategic	Inability to design and / or implement a strategic plan or strategy for SEStran.	Lack of clarity regarding future direction and structure of SEStran impacting quality and alignment of strategic decisions
R002	Financial	Inability to perform financial planning; deliver an annual balanced budget; manage cash flows; and confirm ongoing adequacy of reserves	SEStran is unable to continue to deliver in line with strategic objectives; inability to meet financial targets; adverse external audit opinion; adverse reputational consequences
R003	Reputational	Adverse publicity because of decisions taken and / or inappropriate provision of sensitive strategic, commercial and / or operational information to external parties	Significant adverse impact to SEStran's reputation in the public domain
R004	Governance	Inability of management and members to effectively manage and scrutinise performance, and take appropriate strategic, financial and operational decisions	Poor performance is not identified, and decisions are not aligned with strategic direction
R005	External	Inability to effectively manage SEStran's most significant supplier and partnership relationships	Inability to deliver strategy and major projects within budget and achieve best value
R006	Legal / regulatory	Delivery of services and decisions are not aligned with applicable legal and regulatory requirements	Regulatory censure and penalties; legal claims; financial consequences
R007	Specific Operational	Inability to deliver projects and programmes effectively, on time and within budget	Inability to deliver projects; achieve service improvements; and deliver savings targets
R008	System and technology	Potential failure of cyber defences; network security; application security; and physical security and operational arrangements	Inability to use systems to support services; loss of data and information; regulatory and legislative breaches; and reputational consequences
R009	People	Employees and / or citizens suffer unnecessary injury and / or harm	Legal; financial; and reputational consequences
R010	New Project Income	Inability to attract new projects to fill the funding gap left by diminishing EU projects/Brexit	Inadequate funding streams and lack of innovation.

Risk Impact

Likelihood		Severity		Risk Score	
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	Medium Risk
				8	
				9	
				10	High Risk
				12	
				15	
				16	
				20	
				25	

At Risk
Strategic
Financial
Reputational
System and Technology
Governance
Specific Operational
External
Legal and Regulatory
People
New Project Income

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

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.

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

Risk Appetite

Risk Rating	Net Risk Assessment	Risk Appetite Response
High	15-25	Unacceptable level of risk exposure which requires action to be taken urgently.
Medium	7-14	Acceptable level of risk but one which requires action and active monitoring to ensure risk exposure is reduced
Low	1-6	Acceptable level of risk based on the operation of normal controls. In some cases, it may be acceptable for no mitigating action to be taken.

Risk Response

There are four categories of risk response:

Terminate: risk avoidance – where the proposed activity is outwith the current risk appetite level;

Treat: risk reduction – where proactive action is taken to reduce the likelihood or impact of an event occurring or limiting the consequences should it occur

Transfer: risk transfer – where the liability for the consequences is transferred to an external organisation in full or part (e.g. insurance cover)

Tolerate: where certain risks are accepted

Risk Appetite Target Scores

Risk Description	From	To	Commentary
Strategic	Low	Medium	SEStran has a low to medium appetite in relation to its strategic risks and aims to ensure effective delivery of its commitments in line with agreed timescales. Strategic delivery is monitored through ongoing reporting processes and governance processes.
Financial	Low	Medium	SEStran has a low to medium appetite in relation to financial risk and may be prepared to accept some risk, subject to: <ul style="list-style-type: none"> · setting and achieving an annual balanced revenue budget, in line with legislative requirements · maintaining an unallocated general reserve fund, in line with legislative requirements Financial risk is set out in SEStran's Governance Scheme.
Reputational	Low	Medium	SEStran is prepared to tolerate a low to medium level of occasional isolated reputational damage. Media response protocols are set out in the Governance Scheme.
System and Technology	Low	Medium	SEStran has a low to medium appetite in relation to system and technology risk. The risk appetite will vary depending on the nature, significance and criticality of systems used, and the services they support. Risks are managed through ongoing use of inbuilt technology, security controls, encryption, data loss prevention, firewalls and vulnerability scanning, plus a range of security protocols and procedures. SEStran has achieved Cyber Essentials Plus accreditation.
Governance	Low	Low	SEStran has a low appetite in relation to governance and decision making. The partnership's governance arrangements are detailed in the Governance Scheme. No officer or member may knowingly take or recommend decisions or actions which breach legislation.
Specific Operational	Low	Medium	SEStran has a low to medium appetite in relation to specific operational risks. The Partnership Director and Management Team are expected to design, implement and maintain appropriate programme, project management and governance controls to manage these risks.
External (Suppliers/contractors/partnerships)	Low	Medium	SEStran has a low to medium appetite in relation to external risks. The appetite will vary depending on the criticality of the service or third-party support. SEStran has an established procurement process, supported by the Contract Standing Orders and use of Public Contract Scotland frameworks.
Legal and Regulatory	Low	Low	SEStran aims to fully comply with all applicable regulatory and legislative requirements. No officer or member may knowingly take or recommend decisions or actions which breach the law.
People	Low	Low	SEStran recognises that accidents can occur because of unknown and/or unplanned events and has an appetite to fully comply with all relevant health and safety requirements to minimise any health and safety risks that could potentially result in loss of life or injury.
New Project Income	Medium	High	SEStran has a medium to high appetite in relation to attracting new projects to enable innovation and attract new funding streams. SEStran has an established procurement process, supported by the Contract Standing Orders and use of Public Contract Scotland frameworks. Financial risk is set out in SEStran's Governance Scheme.

SEStran Business Plan Development 2024 to 2027

1. INTRODUCTION

- 1.1 The purpose of this report is to update the Committee on the Business Plan development process for the next 3-year activity period.

2. BACKGROUND AND CONTEXT

- 2.1 In March 2021, the Partnership introduced a three-year business planning approach.
- 2.2 As part of the three-year plan, activity is tracked each year via the activity tracker which details key projects, focus areas and critical success factors.
- 2.3 The 2024 to 2027 business plan will build on the new RTS and its compelling vision and mission statement that emphasises SEStran's commitment to improving people's lives through innovative and efficient transportation solutions.
- 2.4 Linking with the annual report the business plan is an opportunity for SEStran to highlight success stories and case studies of how the partnerships work positively impacted the region and communities.

3. PLANNING PROCESS FOR 2024 to 2027 – Working Group

- 3.1 As reported at the June Performance and Audit Committee meeting the Partnership has an opportunity to further refine the business planning and reporting process and structure for the next 3-year cycle which considers:
- The new Regional Transport Strategy (RTS) adopted in March 2023
 - The Programmed Investment Plan (PIP), which seeks to identify and document every current or planned transport-related project in the SEStran area
 - National and Local Government Strategies and Plans
- 3.2 Further, it was agreed that a short-life working group be set up to enhance governance and assurance and will allow Committee members to actively support project prioritisation, initiation, progression, achievement of outcomes, and reporting.
- 3.3 The aim is to develop a collaborative, proportionate approach to Partnership business planning and monitoring that improves operational effectiveness.
- 3.4 The working group was set up in August and meets monthly. Membership is as follows:

Cllr Sally Pattle (WLC)
 Doreen Steele (Non-Councillor Member)
 Simon Hindshaw (Non-Councillor Member)
 Keith Fisken (Snr Partnership Manager)

The new SEStran Strategy Manager and Programmes Manager will also be invited to participate in the group.

3.5 To date the working group is focused on:

- Business planning strategy and structure, exploring different frameworks and approaches that can be utilised by The Partnership
- Developing strategic goals and objectives and prioritise these based on their significance and feasibility
- Conducting a comprehensive analysis of the SEStran’s strengths, weaknesses, opportunities, and threats (SWOT analysis). This includes assessing internal factors like resources, and finances, as well as external factors like regulatory changes and market trends.
- Identify and analyse key stakeholders, including government entities, the public, employees, and relevant interest groups.
- Understand their needs, expectations, and concerns to incorporate them into the planning process
- Reporting structures and approaches – what is useful and achievable

3.6 The draft 3-year Business Plan 2024 to 2027 will be reviewed by the Performance & Audit Committee before being presented to the Partnership Board in March 2024 for approval.

4. RECOMMENDATIONS

4.1 It is accordingly recommended that the Committee:

Notes the contents of this report

Keith Fisken
Snr Partnership Manager
 17th November 2023

Policy Implications	The Business Plan will align with SEStran’s established and emerging policies
Financial Implications	The Business Plan will be subject to formal Board approval of proposed budgets in the years 2024 to 2025 and subsequent years.
Equalities Implications	No separate EQIA (EQUALITY IMPACT ASSESSMENT) will be carried out as the

	Business Plan does not propose a change to SEStran's policies and procedures.
Climate Change Implications	The implications for Climate Change issues will be assessed at the project level where appropriate.