Risk Register

1. INTRODUCTION

1.1 The purpose of this report is to provide the Partnership Board with its six-monthly update on SEStran's risk register.

1.2 The draft Risk Register was presented to the Performance and Audit Committee at its meeting on 17th November 2023.

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 Board 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 policilies 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 Board is asked to note the contents of this report.

Angela Chambers
Business Manager
24 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					
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. 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** **Tolerate**	Ongoing Partnership Director	Low	Med	⬌
RO01 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 consituent 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	⬌

Ref	Category	Risk	Likelihood		Impact		Score	Rating	Controls / Mitigation	Likelihood		Impact		Score	Rating	Response	Review Date	Owner	Current	Target	Trend
R002 2.0	Financial	**Financial:** Significant deviation from budgeted spend	2	Unlikely	3	Moderate	6	Low	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.	1	Remote	2	Minor	2	Low	**Low** Transport (Scotland) Act 2019 includes section on RTPs carrying reserves. **Tolerate**	November 2023	Partnership Director	Low	Med	↔
R002 2.1	Financial	The approved budget for 2023/24 makes provision for a pay award of up to 3%.	5	Highly Probable	3	Moderate	15	High	Prudent planning assumption with ongoing monitoring of public sector pay negotiations.	4	Probable	3	Moderate	12	Medium	**Medium** Ongoing monitoring and review of all costs and forecasts during 2023/24. Costs will be aligned with COSLA pay offer. **Tolerate**	November 2023	Partnership Director	Low	Med	↔
R002 2.2	Financial	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.	3	Possible	3	Moderate	9	Medium	Any shortfall in employee cost recharges will be offset by a corresponding reduction in Projects Budget expenditure.	3	Possible	3	Moderate	9	Medium	**Medium** Other funding sources will continue to be pursued. **Tolerate**	November 2023	Partnership Director	Low	Med	↔
R002 2.3	Financial	Inflation: There is a risk that the indicative budget does not adequately cover price inflation and increasing demand for services.	4	Probable	4	Major	16	High	When setting the revenue budget, allowance was made for specific known price inflation. Budgets adjusted in line with current cost forecasts.	4	Probable	3	Moderate	12	Medium	**Medium** Ongoing monitoring and review of all costs and forecasts during 2023/24. **Tolerate**	November 2023	Partnership Director	Low	Med	↔

Ref	Category	Risk	L	Likelihood	I	Impact	Score	Rating	Controls	L	Likelihood	I	Impact	Score	Rating	Action	Target/Owner			Trend
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**	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 2024 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 Acturial 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	↔

Ref	Category	Risk	L		I		Score		Controls / Mitigation	L		I		Score		Action	Owner	Cur	Tgt	Trend
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	**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 regulary 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	↔

Ref	Category	Risk	L	L label	I	I label	Score	Rating	Controls / Mitigation	L	L label	I	I label	Score	Rating	Further Action	Timeframe / Owner	Current	Target	Trend
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 January 2024. Individual risks and mitigations to be developed for any contract or grant over an agreed threshhold.	2	Unlikely	4	Major	8	Medium	**Medium** Full review of procurement procedures to be carried out by Legal Advisers **Treat**	Ongoing 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**	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**	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 likliehood of risk 2.9 **Treat**	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 regulary 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 emloyment and/or data privacy laws may result in poor repuation 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	⬌
R009 9.1	People	Inadequate measures in place to facilitate staff health, safety and well-being during contingency arrangements or future office arrangements.	3	Possible	4	Major	12	Medium	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	2	Unlikely	3	Moderate	6	Low	**Low** An ongoing risk remains for future pandemics and future widespread disease or other outbreaks. Measures will be adjusted in accordance with government advice. **Tolerate**	Ongoing Partnership Director (Subject to SG advice)	Low	Low	⬌

Appendix 1

Ref	Category	Risk	L	Likelihood	I	Impact	Score	Rating	Controls	L	Likelihood	I	Impact	Score	Rating	Action	Owner	Current	Target	Trend
R009 9.2	People	Inadequate measures in place to facilitate staff health, safety and well-being during working from home arrangements.	3	Possible	4	Major	12	Medium	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 implemented and working well.	2	Unlikely	3	Moderate	6	Low	**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. **Tolerate**	Ongoing Partnership Director (Subject to SG advice)	Low	Low	↔
R009 9.3	People	Loss of key personnel may lead to inability to deliver strategy and projects.	3	Possible	3	Moderate	9	Medium	Recruitment strategy. Development of existing staff through performance appraisal. Staff training Specialist HR recruitment consultancy	3	Possible	1	Insignificant	3	Low	**Low** Work programme will be monitored and redistributed as necessary**.** Recruitment exercise complete and full staff complement in place by 20 Nov 2023. **Tolerate**	Ongoing Partnership Director	Low	Low	↔

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					
	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 Agreeeement 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 uncertaintity 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 decisons 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	↔
	Other Funding Sources: Reduced access to EU project funding and lack of replacement funding from UK Government	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. 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	CLOSED Partnership Director	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	
					8	Medium Risk
					9	
					10	
					12	
					15	High Risk
					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 distruption. 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					
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 exeptional circumstances.
Unlikely	2	Expected to occur in a few circumstances.
Possible	3	Expected to occur in some circumstances.
Probable	4	Expected to occur in many circumstances.
Highly Probable	5	Expected to occur frequently and in most circumstances.

<u>Risk Appetite</u>

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.

<u>Risk Response</u>

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: · 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.