



## Corporate Risk Register update

**Committee**            Audit and Standards

**Date of meeting**    25 November 2022

**Date of report**    2 November 2022

### Report by Chief Executive

#### 1. Object of report

To update the committee on the Corporate Risk Register and mitigations to minimise risk.

#### 2. Background

The Risk Management strategy requires the committee to consider the effectiveness of the Partnership's risk management arrangements.

To assist members a copy of the current Corporate Risk Register, as at November 2022, is provided to the committee (see Appendix 1). Members are advised that more specific local risk registers are maintained for specific projects and services and again these are reviewed regularly thus ensuring that the corporate risk register reflects the current environment and conditions within which SPT operates.

#### 3. Outline of findings

The Corporate Risk Register is reviewed and updated at strategy group meetings every four weeks. Since the last Audit and Standards committee meeting, the following updates have been noted:

- SPT 11: Current economic conditions adversely impact on SPT's operational income and return on cash reserves: close attention continues to be given to this risk from reports presented to the Strategy & Programmes committee;
- SPT 20: Continual network revisions and tender price inflation by commercial operators in bus market: the risk score has increased to reflect market conditions;
- SPT 25: Rolling stock contact is not delivered to budget, time and quality requirements: close attention continues to be given to this risk with regular reports presented to the Partnership;
- SPT 28: Impact of climate change: close attention continues to be given to this risk with regular reports presented to the Strategy & Programmes committee; and

SPT 29: Impact of coronavirus (Covid-19): the risk score has decreased to reflect recovery position to date. Members are advised that the Business Continuity plan is regularly reviewed and tested by management.

#### 4. Committee action

The committee is asked to note the contents of this report and the updated Corporate Risk Register.

#### 5. Consequences

|  |                                   |
|--|-----------------------------------|
| Policy consequences                                | <i>As noted in the register.</i>  |
| Legal consequences                                 | <i>As noted in the register.</i>  |
| Financial consequences                             | <i>As noted in the register.</i>  |
| Personnel consequences                             | <i>As noted in the register.</i>  |
| Equalities consequences                            | <i>As noted in the register.</i>  |
| Risk consequences                                  | <i>As detailed in the report.</i> |
| Climate Change, Adaptation and Carbon consequences | <i>As noted in the register.</i>  |

**Name** Neil Wylie

**Title** Director of Finance & Corporate Support

**Name** Valerie Davidson

**Title** Chief Executive

*For further information, please contact Iain McNicol, Audit and Assurance Manager on 0141 333 3195.*

## SPT Corporate Risk Register - November 2022

| Ref         | Risk   | Effect   | Impact | Likelihood | Score | Mitigation   | Fall back plan (what would SPT actually do/has already done?)   | Responsible Officer(s)                                     | Review date by Strategy Group | Date of last change | Movement from last change |
|-------------|--|--|--------|------------|-------|--|---|--|-------------------------------|---------------------|---------------------------|
| <b>Type</b> | <b>Financial</b>   |  |        |            |       |  |   |  |                               |                     |                           |
| SPT 1       | Potential Capital funding allocation not matched to programme demands  | Potential project delays; Project reprioritisation; Loss of reputation and lost opportunities.   | 4      | 5          | 20    | Continued dialogue with Scottish Government with regards to funding; Aligning programme and budgets to funding schedules; Effective project delivery, programme management processes, monitoring of expenditure, accounting and budgeting regimes.                     | Adjust capital programme to known funding availability; Consider alternative funding routes including borrowing to support the programme; Affordability of projects; Prioritisation of projects; Reserves policy (potential utilisation). | Strategy Group/<br>Director of Finance & Corporate Support | 01 November 2022              | 23 March 2021       | ↑                         |
| SPT 5       | Insufficient revenue funding to Public Transport incorporating Reduced future Local Authority budget settlements | Reduction in service provision, lost opportunities, potential impact on internal resourcing.   | 4      | 5          | 20    | Continued dialogue with Scottish Government with regards to funding; Continued dialogue with constituent authorities; Continuation of ongoing efficiency programme.  | Continue to reconfigure processes and services to maximise efficiencies, with particular emphasis on digitalisation; Renegotiate contracts with suppliers. Reprioritise spend.  | Strategy Group/<br>Director of Finance & Corporate Support | 01 November 2022              | 23 March 2021       | ↑                         |
| SPT 11      | Current economic conditions adversely impact on SPT's operational income and return on cash reserves             | Economic conditions impact on employment practices and supply chain with a consequential downturn in patronage; Rental income negatively impacted by economic downturn; Return on investment in line with Bank of England base rate of 3%. | 4      | 5          | 20    | Continued dialogue with Scottish Government with regards to grant funding; Frequent, proactive review and management of cash balances to maximise return; Strict maintenance of treasury management practices including counter party lists and spread of investments. | Reduce services and staff numbers in line with budgetary reductions; Regular review of SPT's investment portfolio.  | Strategy Group/<br>Director of Finance & Corporate Support | 01 November 2022              | 23 June 2022        | ↑                         |
| <b>Type</b> | <b>Operational</b>   |  |        |            |       |  |   |  |                               |                     |                           |

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|-------------|--|--|--------|------------|-------|--|---|--|-------------------------------|---------------------|---------------------------|
| SPT 19      | Unplanned disruption of Subway   | Potential closure of Subway stations,<br>Loss of business/income,<br>Poor press coverage,<br>Negative public perception,<br>Loss of political backing.   | 4      | 3          | 12    | Robust operational resource planning;<br>Project plans, project management skills and techniques, dialogue with constituent authorities and Scottish Government and customers,<br>Media management.  | Continue existing Subway operations,<br>Inform public and stakeholders.   | Director of Subway                                 | 01 November 2022              | -                   | -                         |
| SPT 20      | Inability to deliver bus service provision due to continual network revisions and tender pricing inflation by commercial operators | SPT requested to step in to provide services;<br>SPT requested to explain and/or rationalise the actions of commercial market.<br>Delivery of Regional Transport Strategy outcomes.  | 4      | 5          | 20    | On-going dialogue with operators, traffic commissioner and other stakeholders;<br>Framework for supporting local bus services;<br>SPT representation on Scottish Government Bus Taskforce.   | Reprioritise support to local bus services;<br>Apply to Scottish Government for additional funding;<br>Introduce lower cost delivery options.                       | Strategy Group/<br>Head of Bus Strategy & Delivery | 01 November 2022              | 04 October 2022     | ↑                         |
| SPT 27      | Loss of key, skilled and experienced employees/resources   | Temporary impact in delivery of service outcomes;<br>Temporary impact in service performance.  | 4      | 4          | 16    | Succession planning arrangements;<br>Internal policy and processes.  | Review internal resource options (in short term);<br>HR policy and procedures.  | Head of HR/<br>Heads of Service                    | 01 November 2022              | 21 May 2019         | -                         |
| *SPT 25     | Rolling stock contract is not delivered to budget, time and quality requirements   | Unable to deliver reliable service or to customer expectations due to rolling stock or infrastructure performance;<br>Reduced/degraded operation;<br>Undermining of the key business case;<br>Impact on public, government and stakeholder reputation. | 4      | 4          | 16    | Appointment of project delivery team including project controls/governance roles;<br>Appointment of Client technical advisory team (CTA);<br>Appointment of Independent Competent Person service as part of safety verification and validation process;<br>Robust tendering process and appointment of suitable JV contractor;<br>Continued programme challenge and reporting;<br>Development of operational readiness plan;<br>Budget contingency.<br>Programme effectiveness review. | Review maintenance and operations plans;<br>Increased inspection, testing and verification;<br>Proactive communication and engagement with stakeholders and public. | Strategy Group / Director of Subway                | 01 November 2022              | 09 August 2021      | -                         |
| <b>Type</b> | <b>Physical</b>  |  |        |            |       |  |   |  |                               |                     |                           |

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|-------------|--|---|--------|------------|-------|--|---|---|-------------------------------|---------------------|---------------------------|
| SPT 6       | Security - physical protection of staff, assets, information and customers | Disruption to service delivery; Public perception of service delivery; Reputational damage; Loss of operational income. | 4      | 3          | 12    | Training, contingency plans, business continuity, cyber-resilience arrangements. Adherence to Transec requirements. Benchmarking with good practice. | Use buses to replace Subway, redirect buses services around affected bus stations; reallocate staff where possible; Inform the public and stakeholders. | Strategy Group / Heads of Service Operations and Security | 01 November 2022              | 22 May 2018         | -                         |
| <b>Type</b> | <b>Technological</b>   |   |        |            |       |  |   |   |                               |                     |                           |
| SPT 7       | Loss of digital infrastructure services                                    | Major disruption to service provision; Additional workload; Reputational damage.  | 4      | 3          | 12    | Disaster Recovery/ Business Continuity plans; Redundancy plans for key systems; Cyber-resilience arrangements.                                       | Contractual arrangements; Digital protocols; Policy and procedures.   | Director of Finance & Corporate support                   | 01 November 2022              | 27 February 2018    | ↑                         |
| <b>Type</b> | <b>Reputational</b>  |   |        |            |       |  |   |   |                               |                     |                           |
| SPT 21      | Adverse publicity  | Reputational damage, potential patronage reduction and loss of operational income; employee morale and retention.       | 4      | 3          | 12    | Media response plan.   | Counter negative story with SPT view.   | Strategy Group  | 01 November 2022              | 27 April 2016       | ↑                         |
| <b>Type</b> | <b>Environmental</b>   |   |        |            |       |  |   |   |                               |                     |                           |
| SPT 28      | Impact of climate change   | Ability to meet emissions targets; Public perception of SPT services; Changes to service delivery; Increased costs.     | 4      | 4          | 16    | Environmental policy; Carbon management plan.  | Follow government guidance; Statutory returns; Internal policy and procedures.  | Strategy Group  | 01 November 2022              | 12 November 2019    | -                         |

