



## **Risk Management Framework**

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## **1. INTRODUCTION**

### **Purpose**

1.1. This document sets out a framework to ensure that levels of risk and uncertainty are properly managed for the City Deal programme. It does this by defining:

- The process that is adopted to identify, analyse and evaluate risks;
- How often risks will be reviewed, the process for review and who will be involved;
- Roles and responsibilities for risk management; and
- How reporting on risk status, and changes to risk status, will be undertaken.

### **Objectives**

1.2. The City Deal partnership aims to manage risk effectively, eliminating or controlling risk to an acceptable level. This is done by identification, assessment and management of potential risks, rather than reaction and remedy to past events.

1.3. The objectives of the strategy are to:

- a) Integrate risk management into the culture of the City Deal partnership.
- b) Manage risks in accordance with best practice, so that they are eliminated or controlled to an acceptable level.
- c) Raise awareness of the need for managers responsible for the delivery of City Deal work to undertake risk management.
- d) Seek to enhance the delivery of benefits through the City Deal and ensure that risks to the partnership's reputation and public image are considered.

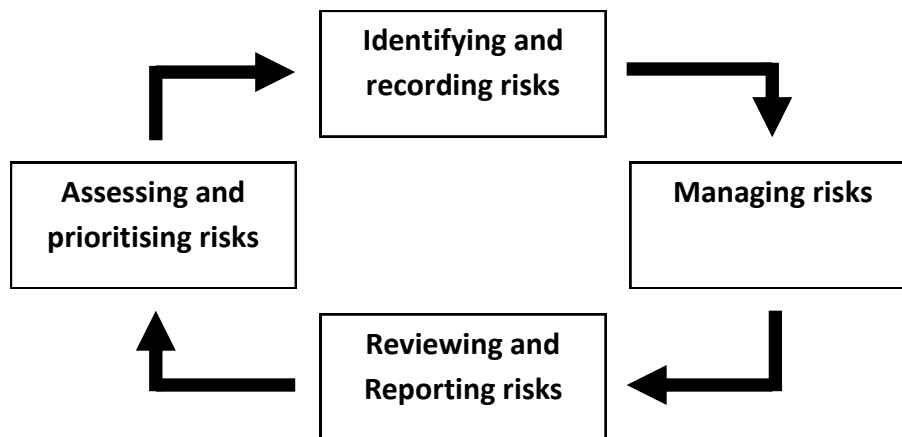
### **Responsibility**

1.4. The responsibility for the creation, maintenance and periodic review of this Risk Management Framework is held by the City Deal Project Manager, under the auspices of the City Deal Programme Director.

1.5. This Risk Management Framework will be reviewed on an annual basis, with any proposed changes to be subject to agreement by the Executive Board, advised by the City Deal Programme Board.

## 2. APPROACH TO RISK MANAGEMENT

2.1. The partnership employs a simple four step process to manage its risks:



2.2. These steps are outlined in the sections below.

2.3. In accordance with best practice, risk management in the City Deal partnership incorporates the identification and management of programme-level and project-specific risks. The process is thus embedded throughout the partnership.

### **Differentiation of risks between organisations' risk registers**

2.4. The scale of the City Deal means that it is likely to factor into one or more partner organisations' corporate/strategic risk registers in some form. In order to avoid duplication of effort and confusion around mitigations, it is important to clarify the nature of risks that should be considered within the remit of the City Deal risk management process and within the remit of one or more partner organisation's processes.

2.5. Where a risk relates to delivery of the City Deal programme and/or one of its constituent projects, this is considered to be within the remit of the City Deal risk management process and should therefore only appear on the City Deal's risk register (whether that is the strategic risk register or a project-specific risk register). Where a risk relates to impacts of City Deal delivery on a partner organisation's service delivery, this is to be considered within the remit of that organisation's risk management process and should therefore not appear on the City Deal's risk register.

### **3. IDENTIFYING AND RECORDING RISKS**

#### **Identifying risks**

- 3.1. A risk is an event that may occur, which will have an impact on the delivery of the objectives of the Greater Cambridge City Deal. This strategy therefore calls for the identification of strategic and project-specific risks.

#### **Recording risks**

- 3.2. Identified risks shall be recorded in the relevant strategic or project-specific risk register, with risks described in terms of:
- The risk event (i.e. what could happen);
  - The consequence that it might lead to; and
  - The possible outcome(s) that could result.
- 3.3. Risks shall be recorded in the relevant risk register, noting for each risk:
- The person nominated as the responsible “Risk Owner”;
  - Inherent and residual risk scores resulting from the assessed likelihood and impact;
  - Control measures and actions to be taken to mitigate the risk; and
  - Direction of travel (i.e. whether the risk is new or the Total score has stayed the same, reduced or increased).
- 3.4. Control measures are defined as actions to reduce either the likelihood of the risk occurring and/or its potential impact. Control measures may be either already in place, or additional ones considered necessary to manage the risk.
- 3.5. Actions to mitigate the risk are tasks that are to be carried out, under the supervision of the risk owner, to reduce the likelihood of the risk occurring and/or its potential impact. Completed actions may, where they provide long-term assurance, become control measures that provide ongoing mitigation.
- 3.6. The City Deal Programme Board will be responsible for ensuring that strategic risks are recorded on the strategic risk register. Risk owners within the individual City Deal work areas will be responsible for ensuring that risks specific to their areas are recorded on the relevant project risk registers.

- 3.7. The project risk registers will be expected to use the same format as the strategic risk register, in order to ensure that risks can be comprehensively managed and escalated as necessary.

#### **4. ASSESSING AND PRIORITISING RISKS**

##### **Assessing risks**

- 4.1. At both strategic and project levels, nominated risk owners shall assess each of the identified risks in terms of the likelihood of the risk occurring and the potential impact of it materialising, according to the guidelines in Annex A.

##### **Prioritising risks**

- 4.2. The officers responsible for the strategic and project risk registers shall use a matrix of these assessments to rank risks in order (see Annex B), enabling decisions to be made about their significance and actions to be prioritised. The numbers in the matrix boxes represent Total residual risk scores, obtained by multiplying the Likelihood score by the Impact score. The Total risk scores indicate the order of priority of assessed risks.
- 4.3. The dotted line running through the matrix shows the partnership's risk tolerance line, between the level of risk the partnership is prepared to accept without putting in place additional control measures/actions and the level at which risks are considered to require further action and potentially escalation.
- 4.4. Those risks that fall above the partnership's risk tolerance line will require further action to reduce either the likelihood of the risk occurring or its impact if and when it does occur. Risk owners shall identify and record additional control measures/actions for these risks.

## **5. MANAGING RISKS**

- 5.1. Risks above the partnership's risk tolerance line require additional control measures/actions to be put in place to manage them, e.g.:
- Active management (including considering terminating the activity or project);
  - Contingency plans – robust plans in place to detect any variation from expectations; and/or
  - Mitigation to reduce likelihood (if cost effective).
- 5.2. At the strategic and project levels, risk owners shall develop and implement additional control measures/actions for managing risks assessed above the partnership's risk tolerance line. Where additional control measures/actions affect other areas, require additional resources, will affect other areas, or will incur additional costs, risk owners shall agree these with the relevant people/groups. The risk owners shall re-evaluate the Likelihood and Impact scores, taking into account control measures/actions, recording any changes to the scores in the 'Residual risk' column.
- 5.3. Directors, Project Managers or lead officers (as appropriate) shall reassess risks below the partnership's risk tolerance line on a quarterly basis to ensure that any change to the underlying risk or control measures/actions is accounted for.
- 5.4. When an appropriate review meeting agrees that a risk has been "managed", i.e. that it either no longer exists or it is now an integral part of day-to-day management of the service area concerned, the risk shall be 'closed' and removed from the relevant risk register. Closed risks will though continue to be stored for records.



## **6. REVIEWING AND REPORTING RISKS**

### **Reviewing risks**

- 6.1. Reviews of risk registers shall include consideration of any new risks. Approval of risk registers shall include both the acceptance of new risks and also the removal of risks considered to be “managed”.
- 6.2. Risks are reviewed at Project Board/equivalent level in the various City Deal work areas, with the strategic risk register reviewed by the City Deal Programme Board, which recommends the strategic risk register to the Executive Board for adoption. These reviews take place on a quarterly basis. Should a significant risk arise between quarterly reviews, the relevant Director, Manager or Officer shall consider it with the City Deal Project Manager for inclusion on the appropriate risk register, and the City Deal Project Manager shall inform the relevant officer(s) accordingly.

### **Links**

- 6.3. When reviewing the strategic risk register, the City Deal Programme Board may cascade a strategic risk to an appropriate project risk register, so that the relevant officers can take a lead on managing it.
- 6.4. When reviewing the project risk registers, responsible officers may escalate a risk for the City Deal Programme Board to consider recommending to the Executive Board including in the strategic risk register, if the risk falls above the partnership’s risk tolerance line and/or has a strategic nature. The City Deal Project Manager may similarly escalate a risk if it, or a similar one, is being recorded in more than one project risk register. If a risk is escalated or cascaded, it will sit only on the risk register to which it is transferred, in order to avoid duplication and confusion.

### **Reporting risks**

- 6.5. The City Deal Project Manager shall report the draft strategic risk register to the City Deal Programme Board on a quarterly basis for consideration by that group. Following City Deal Programme Board consideration, the draft strategic risk register shall be recommended for adoption by the Executive Board. These reports shall show in detail only those risks whose scores are above the City Deal partnership’s risk tolerance line or those whose total residual risk score has increased since the previous report. Risks that do not meet these criteria will still be on the strategic risk register and will be summarised in reports to the City Deal Programme Board, but not included in the reports to the Executive Board.
- 6.6. Responsible officers in the various City Deal work areas shall ensure that risk register reviews are timed in a way that allows the City Deal Programme Board to consider as appropriate in its quarterly review of the strategic risk register.

- 6.7. In addition, the City Deal Programme Board may choose review project risk registers where they feel there would be benefit in doing so to inform consideration of strategic risks. These reports shall summarise only risks with a total score of 6 or more (risks scoring 5 or less will still be on the project risk registers, but not included in the reports). As part of these reviews, the City Deal Programme Board shall consider whether to recommend including risks whose total residual risk core exceeds the City Deal Partnership's risk tolerance line in the strategic risk register. It shall be assumed not, unless agreed otherwise.
- 6.8. If a strategic risk is realised, it shall be reported to the next meeting of the City Deal Programme Board by the risk owner, in conjunction with the City Deal Project Manager, outlining the event that occurred, the consequence for the City Deal programme and the outcome that resulted, together with recommendations for the application of any lessons to learned. If a project risk is realised, the responsible officer shall report in a similar way. Where a strategic risk is concerned, this shall be reported by the risk owner to the Executive Board following consideration by the City Deal Programme Board.
- 6.9. The City Deal Project Manager shall report to the City Deal Programme Board and Executive Board on the risk framework and process (including staffing resources) annually, or if there is a material change during the year, for the City Deal Programme Board to review the strategy and process and recommend to the Executive Board that it agree any changes.

## ANNEX A: LIKELIHOOD AND IMPACT ASSESSMENT GUIDELINES

**Table 1: Likelihood assessment guidelines**

<b>Description</b>	<b>Descriptor</b>	<b>Scale</b>
May only occur in exceptional circumstances, highly unlikely	Very Low	1
Is unlikely to occur in normal circumstances, but could occur at some time	Low	2
Likely to occur in some circumstances or at some time	Moderate	3
Is likely to occur at some time in normal circumstances	High	4
Is highly likely to occur at some time in normal circumstances	Very High	5

**Table 2: Impact assessment guidelines**

<b>Description</b>	<b>Descriptor</b>	<b>Scale</b>
Insignificant disruption to internal business or corporate objectives Little or no loss of front line service No environmental impact No reputational impact Low financial loss (proportionate to budget involved)	Negligible	1
Minor disruption to internal business or corporate objectives Minor disruption to front line service Minor environmental impact Minor reputational impact Moderate financial loss (proportionate to budget involved)	Marginal	2
Noticeable disruption to internal business and corporate objectives Moderate direct effect on front line services Moderate damage to environment Extensive reputational impact due to press coverage Regulatory criticism High financial impact (proportionate to budget involved)	Significant	3
Major disruption to corporate objectives or front line services High reputational impact – national press and TV coverage Major detriment to environment Minor regulatory enforcement Major financial impact (proportionate to budget involved)	Critical	4
Critical long term disruption to corporate objectives and front line services Critical reputational impact Regulatory intervention by Central Govt. Significant damage to environment Huge financial impact (proportionate to budget involved)	Catastrophic	5

## ANNEX B: PRIORITISATION MATRIX TEMPLATE

			IMPACT				
			Negligible	Marginal	Significant	Critical	Catastrophic
			1	2	3	4	5
LIKELIHOOD	Very High	5	5	10	15	20	25
	High	4	4	8	12	16	20
	Moderate	3	3	6	9	12	15
	Very Low	2	2	4	6	8	10
	Low	1	1	2	3	4	5

## ANNEX C: CHART SUMMARISING ARRANGEMENTS FOR RISK MANAGEMENT

### Project-/workstream-level risk registers

