



## Securing future prosperity

**Report To:** Greater Cambridge City Deal Executive Board      1 September 2016

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### City Deal Risk Management Framework

#### Purpose

1. The Executive Board is asked to agree a Risk Management Framework to apply across the City Deal programme. This will ensure there is a clear, consistent approach to risk management and regular consideration of risk by the Executive Board.

#### Recommendations

2. It is recommended that the Executive Board:
  - (a) Approve the draft Risk Management Framework, to apply across the City Deal programme; and
  - (b) Agree to receive quarterly reports on City Deal Strategic Risk management.

#### Reasons for Recommendations

3. The proposed Risk Management Framework and strategic risk reporting frequency would allow risk management to be undertaken effectively and in a coordinated manner across the City Deal programme, with clear political and senior officer oversight, particularly as the programme moves into its delivery phase.

#### Background

4. Paragraph 5.3 of the Executive Board Terms of Reference states that “the lead role on projects shall be determined by the Board, subject to the principle that the lead authority should be the Council primarily responsible for the service in question for their area. The procurement and other rules of the lead authority will apply in respect of projects.”
5. Since Cambridgeshire County Council acts as the Accountable Body for the City Deal, the principle above suggests that where risk management is concerned the procedures to be followed should reflect those of the County Council. This principle is reflected in the draft Risk Management Framework, however in practice the risk management processes in the three Councils are fundamentally very similar (with some differences based on their differing models of Member governance), so this draft Risk Management Framework effectively enshrines the processes that are followed in all three Councils.
6. This draft Risk Management Framework has been subject to consultation with key officers in each of the three Councils, including Democratic Services Managers and audit officers.

## **Considerations**

7. Risk management has been taking place in the City Deal programme, but this has been taking place without the guidance of a single point of reference document, therefore reporting arrangements are ad hoc. Adopting a City Deal Risk Management Framework would provide robust guidance to officers managing risks across the programme, including implementing a process of escalating and cascading risks that reflects good programme and project management discipline. To date, risks on projects and at the strategic level have been managed and documented, but a consistent approach will ensure quicker and smoother escalation and cascading.
8. In brief, the approach proposed to be enshrined for City Deal risk management through this draft Risk Management Framework includes the following key principles:
  - (a) Separate strategic and project-specific risk management, allowing detailed risks to be managed at a detailed level and strategic risks to be managed at a strategic level, with cascading and escalation between the two.
  - (b) Strategic Risk Register to be owned by the Executive Board, advised by the Programme Board as the senior officer management group.
  - (c) Quarterly Strategic Risk Register reporting to the Executive Board and Joint Assembly.
9. It is crucial to note that risk management should not be taken as a forecast of doom – it is a process of recognising problems that might occur in the future and actions that can be taken to reduce the likelihood and/or impact of those problems occurring. The Strategic Risk Register will therefore include several significant risks that, without the appropriate context and caveats, could be misinterpreted as suggesting that significant problems are being experienced. Reports to the Executive Board and Joint Assembly will need to make that context clear and emphasise the purpose of risk management in order to avoid this.

## **Options**

### *Recommended option*

10. The recommendations would see the draft Risk Management Framework adopted, as appended to this report, with quarterly reporting on the Strategic Risk Register to take place. This draft Framework would support good project and programme management disciplines across the programme. Quarterly risk reporting is considered to represent a frequency that allows the Executive Board to be actively involved in strategic risk management. If these recommendations are approved by the Executive Board, the first Strategic Risk Register report is expected to go to the 13 October Executive Board and 29 September Joint Assembly meetings.

### *Alternative options*

11. The Executive Board could choose not to implement a City Deal Risk Management Framework and continue with an approach where the officer Programme Board manages strategic risk and project risk is managed by individual projects. Given the size and nature of the programme and the new challenges scheme delivery will bring, it is important to have clear protocols and structures in place to make sure escalation happens in a timely way. The recommended option provides a clear and consistent framework, which a more ad hoc approach may not.

12. The Executive Board could choose to not take a role in risk management going forward, leaving it to the Programme Board to exercise strategic risk oversight. This could mean that there is no political oversight of strategic risk management.
13. It would be possible to report less regularly than recommended on the Strategic Risk Register, for instance reporting on a six-monthly basis rather than quarterly as recommended. This would still allow risk management to be undertaken effectively across the programme, however there would be less frequent political oversight. Equally, the Executive Board could receive a report on the Strategic Risk Register at every meeting, but it is anticipated that risk scores will not change enough to mean that each meeting has new business to consider in terms of risk management, hence the additional burden on Assembly and Board time here would not be justified.

### **Implications**

14. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered: -

#### ***Risk Management***

15. The proposed Risk Management Framework and strategic risk reporting frequency would allow risk management to be undertaken effectively and in a coordinated manner across the City Deal programme, with clear political and senior officer oversight, particularly as the programme moves into its delivery phase.

#### **Consultation responses and Communication**

16. Discussions have taken place with senior officers from all three partner Councils, as well as Democratic Services Managers from across the three partner Councils and internal audit officers at Cambridgeshire County Council. All have supported the proposed approach and recognised the beneficial effect that adopting a single Risk Management Framework would have on the effectiveness of risk management and control across the programme.

#### **Background Papers**

No background papers have been relied upon in the writing of this report.

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