Risk Management Strategy

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Author:	Oliver Coltman
Owner:	Transport Delivery Board
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Revision History

Date of next revision:

Revision Date	Previous Revision Date	Summary of Changes	Changes Marked

Approvals

This document requires the following approvals. A signed copy should be placed in the project files.

Transport Programme Team

Name	Title	Date of approval	Email appended?

Transport Delivery Board

Date of meeting:	

Distribution

This document has been distributed to:

Name	Date of Issue	Version
Transport Delivery Board		
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Overview

Purpose   A Risk Management Strategy describes the specific risk management techniques and standards to be applied and the responsibilities for achieving an effective risk management procedure.

Contents

1. Introduction

The purpose of this Risk Management Strategy (RMS) is to describe how risk management is to be incorporated into the delivery of the Temple Quarter Enterprise Zone East Access project (the project).

This RMS applies to the governance and delivery of the project. The project is to be delivered in accordance with the BCC Transport Service Programme Manual.

The Project Manager is responsible for the creation of the RMS and any subsequent changes. It is the responsibility of the Transport Delivery Board to ensure that the RMS is created, authorised, followed, and updated as necessary.

The RMS, and any subsequent changes, must be approved by a representative of the BCC Transport Programme Team (TPT) and the Transport Delivery Board.

2. Risk Management Procedure

The risk management procedure to be followed is based on the PRINCE2 approach to risk and is as follows:

a) Identify

Risks to the project will principally be identified in risk workshops. Risks identified in other ways (such as design team meetings) will be passed to the project team and logged.

All identified risks will be added to the project risk register.

The risk descriptions will generally be in the following format:

> IF [X] (event or situation) occurs THEN [Y] may result

A commentary on the impact (or effect) of this risk should it materialize will be given along with an assessment of the likely consequence to the project being delivered to the agreed targets.

b) Assess

Risks will first be assessed with regard to their impact on the project in terms of time, cost, and project performance. This assessment will be in the form of a rating using the following scoring:

Impact	Score
Very low	1
Low	2
Medium	3
High	4
Very High	5

The probability of the risk occurring will then be rated using the following scoring:

Probability	Score
Rare	1
Unlikely	2
Moderate	3
Likely	4
Very Likely	5

A Quantified Risk Assessment (QRA) will then be undertaken. All risks from the risk register that would have a financial cost to the project will be entered on the QRA. The cost impact of each risk, should it occur, will be estimated and then multiplied by a 'Likelihood' factor to produce an expected value of each risk. The 'Likelihood' factor is derived from the probability rating of a risk as per the table below:

Probability	Likelihood
1 = Rare	5.0%
2 = Unlikely	12.5%
3 = Moderate	25.0%
4 = Likely	50.0%
5 = Very Likely	95.0%

Risks will be evaluated in terms of their proximity, both estimated dates for when they may occur and the stage of the project in which they may occur. This risks will also be categorised using the risk categories defined in the BCC Transport Programme Manual.

c) Plan

Using the risk responses set out in PRINCE2 (listed in the table below) a range of options for responding to the risks will be identified and evaluated. The proposed mitigation measures will then be added to the risk register and incorporated into the appropriate level of plan within the project.

Risk Response	Definition
Avoid (Threat)	Change an aspect of the project so that the risk cannot happen or can have no impact
Reduce (Threat)	Proactive action to reduce the probability of the risk occurring and the impact if it should
Fallback (Threat)	Put in place a fallback plan of actions to reduce the impact should the risk occur
Transfer (Threat)	Transfer the financial impact of the risk to a third party
Accept (Threat)	Retain the threat and only monitor, having determined that this was more economical than the cost of response action
Share (Threat or Opportunity)	Share the risk through the application of pain/gain formulas in the procurement methods
Exploit (Opportunity)	Actions to ensure an opportunity occurs and the impact is realized
Enhance (Opportunity)	Proactive action to increase the probability of a risk occurring and/or the impact should it occur
Reject (Opportunity)	Only monitor the risk, having decided to do so was more economical than the cost of opportunity response actions

After identifying and recording the mitigation, the risks will be reassessed in terms of impact and probability of the residual risk.

The TPT will assist the project manager by providing lessons from other projects concerning the effectiveness of proposed risk mitigation. They will also be able to provide an additional 'independent' evaluation of the risk assessment undertaken.

d) Implement

Each risk will be assigned a Risk Owner. It is the responsibility of the risk owner to manage, monitor and control all aspects of the risks assigned to them, including the implementation of the agreed mitigation measures. The day to day action to meet these responsibilities may be delegated, but this must be clearly recorded in the project files.

Each risk will be assigned a mitigation owner. It is the responsibility of the mitigation owner to carry out the agreed mitigation measures. They do so under the direction of the risk owner.

e) Communicate

Risks will be communicated in accordance with the BCC Transport Programme Manual and the standards/requirements established and changed from time to time by the Senior Leadership Team of BCC.

Risks that exceed the tolerance set in the BCC Transport Programme Manual will be reported in monthly project highlight reports. Following consultation with the TPT, these risks may be escalated to the Transport Delivery Board, via the highlight report.

At the end of each stage of the project a workshop, in a format to be agreed with the TPT, will be held to reassess the risk register and update the risk register with identified new risks. The QRA will then be refreshed. The results of the QRA and a summary of all outstanding risks and required mitigation measures will be included in the end stage report and the Stage Plan for the next stage.

Any financial reports regarding the project should include the QRA total and be clear when the QRA and associated risk register were last updated.

3. Records

The project should use the template risk register produced by the TPT, or an alternative format agreed with the TPT.

Similarly, the project should use the template QRA produced by the TPT, or an alternative format agreed with the TPT.

4. Risk Tolerance

The threshold levels that will determine when risks must be escalated are defined in the BCC Transport Programme Manual.

If at any point the QRA total exceeds the remaining risk allowance of the budget, the project manager should notify the TPT and the Transport Delivery Board at the earliest opportunity.

5. Risk Budget

The project must retain a risk allowance of at least 15% of the remaining estimated cost of the project. The QRA should be used to determine the sufficiency of this approach. The risk allowance must allow for the cost of known risks (the QRA total) and include provision for unknown risks that will inevitably be identified as the project progresses.

The reduction of the risk allowance can only be authorised by the Transport Delivery Board, following an assessment by the TPT.

The decision-making for the use of risk allowance to respond to risks that occur is set out in the BCC Transport Programme Manual.