

Appendix 9

Risk Management Strategy

Project Name:	Bradford - Keighley A650 Hard Ings Road		
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Owner:	[REDACTED]		
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Note: This document is only valid on the day it was printed

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.

Name	Signature	Title	Date of Issue	Version
[REDACTED]		Project Executive		

Distribution

This document has been distributed to:

Name	Title	Date of Issue	Version
[REDACTED]	CBMDC Project Manager		
[REDACTED]	WYCA Project Manager		

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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 *The Risk Management Strategy should cover the following topics.*

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Advice *The Risk Management Strategy is derived from the: Project Brief; Business Case; The corporate or programme management's risk management guide, strategy or policy.*

The Risk Management Strategy will remain as a Stand-alone document.

The following quality criteria should be observed:

- Responsibilities are clear and understood by both customer and supplier
- The risk management procedure is clearly documented and can be understood by all parties
- Scales, expected value and proximity definitions are clear and unambiguous
- The chosen scales are appropriate for the level of control required
- Risk reporting requirements are fully defined.

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Introduction

Objective

The purpose of the Risk Management Strategy is to ensure that there is an agreed approach in place to manage risks to the project.

A Risk is an uncertain event or set of events that, should they occur, it would have an effect on the achievement of project objectives. It consists of a combination of the probability of a perceived threat or opportunity occurring and the magnitude of its impact on objectives.

Risk management is a planned and systematic approach to the identification, evaluation, prioritisation and control of threats and opportunities facing the organisation. The West Yorkshire Combined Authority (WYCA) and City of Bradford Metropolitan District Council (CBMDC) recognise that effective risk management is an integral part of good corporate governance and as such should be part of everyday management processes across the organisations.

WYCA and CBMDC are committed to ensuring robust risk management arrangements are in place and operating effectively at all times. The Director of Resources, WYCA will champion risk management providing a management lead and ensuring that appropriate arrangements are maintained but the day to day management of risk sits with Directors, Assistant Directors, Project Board/Executives and individual risk owners.

Scope

The scope of this strategy is limited to the A650 Hard Ings Road scheme.

The partner organisations should follow a four-step approach to manage the risks they are exposed to:

1. Firstly the risks should be identified
2. Then the risk is assessed in terms of the likelihood of the event actually occurring and the impact that such an event would have
3. Steps then must be taken to mitigate this risk - what can we actually do to stop this risk occurring or limiting the impact of the risk?
4. This treatment needs then to be monitored and periodically reviewed.

This process is repeated as the risks change over time.

Strategy Responsibility

Author:	██████████
Owner:	██████████
Client:	CBMDC

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Risk Management Procedure

The Risk Management Procedure will be based on the four key activities below and underpinned with a communication strategy.

i) Identify

A risk is identified if it is considered to be something which may have an adverse effect on the project; however some issues may actually present an opportunity with a positive effect.

The risks and issues will be identified via a preliminary site visit and a risk workshop with the participation of key stakeholders. This will inform the content of the initial Risk, Issues & Lessons Learned Log.

The Risks, Issues & Lessons Learned Log will be used to record all risks and issues of the project and will identify a risk response, appropriate actions and a risk owner.

The Risks, Issues & Lessons Log is a live document and will be reviewed and reported on a monthly basis throughout the life of the project.

Additionally, a full review workshop with key stakeholders will be held quarterly for the life of the project. This enables new risks to be identified as the project moves through the distinct phases e.g. risks at Feasibility stage may be different to risks identified at detailed design stage.

New risks identified at any time by WYCA, CBMDC or the relevant stakeholders will be incorporated into the register.

The day-to-day management of the register will be carried out by WYCA.

ii) Assess

The risk is assessed based upon its probability of happening and the likely impact of the risk happening.

The impact of the risk is considered in relation to the potential impact on project objectives and then assessed using the probability of the risk occurring.

The impact rating (on a scale of 1 to 5) x probability rating (on a scale of 1 to 5) = Total Risk Rating.

Total Risk Ratings of >12 will be incorporated into the Monthly Highlight Reports for reporting at each Programme Board meeting.

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The scales are detailed below.

Probability Rating

Score	Description
1	Very unlikely to happen but the Project should be aware.
2	Unlikely to happen but the Project should be aware.
3	Moderately likely to happen.
4	Likely to happen.
5	Very likely to happen.

Impact Rating

Score	Description
1	The risk will have a low impact on the Project.
2	The risk will have a fairly low impact on the Project.
3	The risk will have a moderate impact on the Project.
4	The risk will have a reasonably high impact on the Project.
5	The risk will have a high impact on the Project.

Opportunities: if an opportunity arises it will be registered on the Risks & Issues Log and assessed and a suitable response agreed with key stakeholders and approved by the Programme Board.

iii) Plan

A Risks, Issues & Lessons Log for the project will be prepared in order to allocate a response to each of the risks and impacts identified.

Each risk is allocated an owner from the project team who is responsible for the management, monitoring and control of that particular risk. The risk and proposed mitigation will be reviewed monthly to understand if the risk is still present and whether the proposed mitigation is still applicable.

iv) Implement

Where required and with the agreement of the Programme Board, mitigation will be implemented if the risk cannot be closed out from the Project. The progress of the Risk Management Plan will be reviewed and monitored monthly.

Communicating and Reporting

The success of the project relies on effective partnership working and excellent inter-partnership communication. A scheduled monthly Progress meeting is an essential basis for good communication and the ultimate success of the project; the Risks, Issues & Lessons Log will be reviewed at every Progress Meeting.

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The Risk, Issues & Lessons Log records all risks and issues and their proposed mitigations.

Risks with a Total Risk Rating of >12 will be reported at each monthly Programme Board with proposed mitigation. If a risk requires the mitigation to be implemented, it will be communicated to the Programme Board and approval sought.

The Highlight Report provided by the Project Manager prior to Programme Board will provide a summary of all open risks with a Total Risk Rating of 12 or more i.e. all Red rated risks.

Tools and Techniques

A Risks, Issues & Lessons Learned Log will be created for the project in an excel spread sheet format.

A red (>12), amber (5-12) green (1-4) system is used to prioritise the risks in the register.

Those that have been resolved or are no longer relevant remain in a separate worksheet in the Log to show they have been considered but are marked as closed.

Risks with a Total Risk Rating of >12 are recorded in each issue of the monthly Highlight report which is issued to Programme Board members and the Portfolio Office.

Key milestones and significant risks will be monitored through the use of Covalent which is viewed by a wide audience within WYCA including Directors and Assistant Directors.

Records

The Risks, Issues and Lessons Learned Log for the project will be stored with the project folder at WYCA:

[WYCA-HIR-0006 0.1 A650 Hard Ings Road Risks, Issues, Lessons Log.xlsm](#)

The Daily Log will be used to catch any other issues that arise; they will be reviewed to determine if they should be escalated on to the Risks and Issues Log-

[WYCA-HIR-0001 0.1 A650 Hard Ings Road Daily Log.doc](#)

The Project Team at the WYCA are responsible for updating and controlling documentation (with the appropriate Programme Board Approval) and ensuring the latest versions are circulated to the Project Team.

All management documents will have a unique identifier based on the following:

Documents prepared largely by WYCA Officers will be numbered WYCA-HIR-0001, WYCA-HIR-0002 etc.

Documents prepared largely by CBMDC Officers will be numbered CBMDC-HIR-0001, CBMDC-HIR-0002 etc.

Each document will also have the version and status recorded using the following convention:

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Number	Revision
Version 0.1	First Draft
Version 0.2	Second Draft
Version 1.0	Baseline as approved by Project Board
Version 1.1	Minor change to baseline
Version 2.0	Significant change to baseline

Timing of Risk Management Activities

The Risks and Issues Log will be reviewed on a monthly basis by the Project Team at the Monthly Progress Meeting.

As a minimum a quarterly workshop will be held to formally review the entire Risks, Issues & Lessons Logs with key stakeholders.

It may also be necessary to hold additional review workshops when the project enters a new phase for example risks identified at feasibility stage will vary from risks identified at detailed design stage and new stakeholders may need to be involved as they become involved in the Project.

A Highlight Report will be prepared monthly to present to Programme Board and the Portfolio Office and risks scoring >12 will be included with this report.

Roles and Responsibilities

The Project Team comprising of CBMDC and WYCA will compile, manage and update the Risks, Issues & Lessons Learned Log on a minimum monthly basis.

Each risk will be appointed an owner and they will provide updates on their risks through the WYCA's Project Manager.

Role in Programme	Responsibility in Risk Management
Executive	Be accountable for all aspects of risk management. Ensure that the risks associated with the Business Case are identified, assessed and controlled.
Senior User	Ensure that the risks to the users are identified, assessed and controlled.
Senior Supplier	Ensure that the risks to the supplier aspects are identified, assessed and controlled.
Project Manager	Ensure that the project risks are being identified, assessed and controlled.
WYCA	Ensure that the project risks are being identified, assessed and

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	controlled.
	Create the Risk Management Strategy.
	Create and maintain the Risk , Issues & Lessons Learned Log

Risk Categories

The following categories may be used or added to as the risks for each project are assessed.

Category	Description
Design	The risk may impact the business case or project feasibility
Construction	The risk may impact the construction time and cost constraints
Legal	The risk may result in legal implications that are required to be resolved.
Commercial	The risk may impact the business case or end user satisfaction.
General	The risk may impact other areas of the project

Risk Response Categories

The categories for the response to the risk or opportunity are listed below and recorded on the Risks, Issues and Lessons Learned Log.

Threat Response	Opportunity Response
<p>Avoid Requires a change to an aspect of the project in order that the risk can no longer have an impact/occur.</p>	<p>Exploit Change some aspect of the project that enables the opportunity to be realised</p>
<p>Reduce Action is taken to reduce the probability of the event occurring and/or the impact, should the event occur.</p> <p>Fallback Creation of a fallback plan to reduce the impact <u>should</u> the risk actually occur, has no effect on the likelihood of the event occurring.</p> <p>Transfer A third party takes on responsibility for some of the financial impact of the threat.</p>	<p>Enhance Action is taken to enhance the probability and impact of the opportunity should it occur.</p>
<p>Share Introduction of a pain/gain formula in procurement to share the potential risks or benefits.</p>	<p>Share Introduction of a pain/gain formula in procurement to share the potential risks or benefits.</p>
<p>Accept A decision is taken to retain the threat as this response is economically cheaper than other options.</p>	<p>Reject A decision is taken not to exploit or enhance the opportunity as it is more economical not to respond to it.</p>

Early-warning Indicators

The Total Risk Rating received through the risk assessment will provide an early warning indicator on the scale of the impact of the risk. This will provide a summary of the greatest

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risks to the project. Each risk on the Risks and Issues Log will have a red, amber, green status which will be monitored monthly and fully reviewed quarterly.

Risk Tolerance

The table below summarises the Portfolio and Project Tolerances as approved by the Transport Portfolio Advisory Group (formerly the Interim Portfolio Board).

Tolerance	+ (Over)	- (Under)
Time	3 months of target completion date defined in the Portfolio Baseline.	3 months of target completion date defined in the Portfolio Baseline.
Cost	Zero	5% reduction or less
Scope	'Significant'* change or affects GVA/£ by more than '0.1' unit	'Significant'* change or affects GVA/£ by more than '0.1' unit
Risk	As defined in Risk Management Strategy	As defined in Risk Management Strategy
Quality	As agreed in product descriptions	As agreed in product descriptions
Benefits	'Significant'* change or affects GVA/£ by more than '0.1' unit	'Significant'* change or affects GVA/£ by more than '0.1' unit

*Interim Portfolio Board agreed that 'Significant' changes that need to be understood relate to the following indicators:

1. Having an adverse impact on GVA hence the GVA/£ ratio which was used in the prioritisation process
2. For WY only, any adverse impacts on the improved levels of accessibility to employment at Portfolio level, and the distribution of those impacts at the District level and for 'deprived' communities
3. Any adverse impact on carbon levels at the Portfolio level

At project level, as a rule of thumb, any changes which affect the generalised cost of travel (such as journey time improvements, frequency, service levels, capacity, availability of parking supply) should be considered 'significant' and would merit a rerun in the UDM. If little change in the GVA was modelled, there would be no need to refer it to the IPB. 'Little' would be measured by a change in the GVA/£ ratio of less than '0.1' unit.

Other items could be considered as 'significant' change, with or without affecting the indicators above, such as the removal of any named components of a scheme for example (but not exclusively) junction improvements, parking facilities, highway widening or bus lanes.

Full details of tolerances and defining 'significant' changes can be found in IPB Agenda Item 5 20th November 2013.

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Risk Budget

There will be no dedicated budget apportioned to manage risks as all identified risks and issues will be linked to the overall project delivery which has a budget allocation as part of the WY+TF.

All projects within the WY+TF carry through the Mandate, GW1 and GW2 stages up to 44% optimism bias giving the project significant contingency.

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As the project develops and the identified risks become closed out, this optimism bias level should significantly reduce as the project designs, delivery programme and value engineering stages are progressed working towards final and detailed cost estimates.