WILSON PROGRAMME BOARD

Date of Meeting: 8ᵗʰ June 2017

Agenda No: 6   **Attachment: 5**

Title of Document: Wilson Risk Management Strategy	**Purpose of Report:** For Approval
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Executive Summary: The Risk Management Strategy sets out the process for managing risks within the Wilson Programme.   It sets out the methodology for the identification, scoring, mitigation and management of risks.
Key sections for particular note, areas of concern etc. (paragraph/page):   Pages 6 and 7. The Programme Board are asked to review and agree the tolerances within the two tables regarding cost and delay.
Recommendation(s):   The Programme Board is asked to review and approve the Risk Management Strategy.
Committees which have previously discussed/agreed the report: None
Financial Implications: None
Organisational implications: *(CCG Governing Body / LBM Cabinet / CHP / NHSPS)*   None
How has the patient/user's voice been considered in development of this paper: N/A
Other Implications: N/A at this stage
Equality Assessment: N/A
Information Privacy Issues: N/A
Communication Plan: (including any implications under the Freedom of Information Act or NHS Constitution)   N/A

Wilson Programme
Risk Management Strategy

01 June 2017

Version 0.2

1 Introduction

The purpose of this document is to provide a consistent process for the management of risks across the Wilson Campus Development programme. It defines risk management in respect of the standards, processes and procedures to be employed in the identification, analysis, quantification, mitigation, escalation and documentation of risks.

This document describes the process for resolving:

- *Project Risks* - risks that can be resolved within a project team.

- *Programme Board Risks* - risks that are either of a strategic nature, have a major impact on service operations or project milestones, or require senior stakeholder direction or action.

- *Programme Risks* - risks that cannot be managed at the project level or affect multiple projects within a programme

The audience for this document is members of the Wilson Programme Board, Project Team members and all participants in the project work streams.

2 Risk Management Framework

2.1 The Aims

The aim of risk management is to improve the likelihood of the Project or Programme achieving its stated objectives.

The risk management process is designed to:

- Focus the Programme Board and senior management team on the major risks that threaten project delivery and objectives;

- Provide a clear picture of the major risks facing the programme, their nature, potential impact and likelihood;

- Establish a shared and unambiguous understanding of what risks will be tolerated;

- Actively involve all those responsible for planning and delivery of the programme's key deliverables and benefits;

- Embed risk awareness and management in planning and decision making processes; and

- Enable and empower managers to manage those risks within their area of responsibility.

2.2 The Objectives

The objectives of a risk management system is to ensure:

- Early identification and management of risks;

- Proper analysis, evaluation and quantification;

- Clear and consistent assignment of ownership and management;

- Comprehensive identification, definition and evaluation of appropriate mitigation routes;

- Clearly defined policy, standards, processes and procedures; and

- Robust documentation for audit purposes.

A common problem when identifying and scoring risks is the confusion between what is a risk and what is an issue. The following definitions should assist with clarification.

- A risk is something that might happen and needs a mitigation/management plan to either avoid it materialising or minimising the impact.

- An issue is something that has happened and needs to be managed with immediate effect.

3   Risk Management Process

Risk analysis and management are on-going processes incorporated throughout the life of a programme or project and are the responsibility of **all** staff involved with a project or programme. The responsible managers will keep stakeholders informed of risks identified, action taken where appropriate and the success of those actions.

There are three parts to the risk management process:

1. *Analysis* - identification, definition, and assessment of probability and impact.

2. *Management* - risk mitigation strategy and plan, monitoring and control of actions employed to deal with the threat, and problems identified in analysis.

3. *Reporting* - all risks raised will be recorded on the project risk register and will be owned by the Programme Director. Reporting of risks will be carried out on a regular basis in accordance with the agreed Governance structure and terms of reference.

3.1 Risk Analysis

Identification of risks is an ongoing process but gets the best results when done on a group basis at key intervals – such as the initial business case development stage, and again during Project Initiation. The process involves:

- Identification of potential risks that could adversely affect the impact and efficient delivery of project and programme objectives and benefits.

- Assessment of the importance, probability and the impact of each risk

- A decision as to whether the level of risk is acceptable

- Identifying courses of possible actions to be taken to reduce the probability or impact of the risk materialising.

3.2 Mitigation strategy and monitoring

Based upon the level of concern and controllability for each risk, the Risk Owner will decide on the risk mitigation strategy and associated actions i.e. whether to accept, treat, or transfer the risk, and ensure those actions are carried out as required. The Risk Owner at least monthly (more frequently for red and amber/red risks), will review and monitor progress and consider the effect on the overall risk rating and report to the Programme Director so that those changes and updates are reflected in the risk register.

3.3 Contingency planning

Where the risk has a high risk rating (Red) contingency plans will need to be developed to address the consequences of the risk materialising.

3.4 Escalation

Risks will need to be escalated to the next level of seniority (i.e. individual or group) and the escalation recorded in the risk register where:

- The risk is of significant concern (red) – escalate to the Wilson Programme Board or CCG Governing Body;

- The risk is outside the authority, responsibility or control of the risk owner;

- The risk relates to more then one managers area of responsibility; or

- Actions to manage the risk require additional resources or the action requires approval elsewhere

The escalation or transfer of the risk will be authorised by the Programme Board. If action is required in between Programme Board meetings the SRO will take on that responsibility.

3.5 Transfer

When the risk actually happens it becomes an issue and should be transferred to the 'Issues' log. If a risk affects the project but is outside the remit of the Project team or Programme Board it should be transferred to the most appropriate corporate governance body and managed therein. A watching brief within the programme or project will be required.

3.6 Reporting

Up to date risk reports are provided for the Project Team and Programme Board meetings on a timely basis for review with a focus on amber and red/amber risks within the Project Team and amber/red and red risks at the Programme Board.

4 Risk Assessment

4.1 Risk Categories

The risks identified within the risk register are categorised by the type of risk that they pose. In categorising the risks it is important to identify the main cause of the risk, not the impact. For example a design risk around the fit out of the x-ray department is what triggers the risk to be placed on the register, the impact may be financial and affordability but is not the causative factor.

The categories currently utilised are:

- *Strategic and Political* – likely to be external to the organisation and difficult to mitigate/manage

- *Information Technology* – a risk with the technical aspects of software/hardware compatibility, delivery or equipment

- *Design and Planning* – having an impact on the design of the facility or planning approvals with the potential knock on impact on cost or programme.

- *Procurement* – mainly related to the timescales for the procurement of services, equipment or property

- *Funding/Financial/Affordability* – lack of available funding, increased costs leading to an unaffordable scheme

- *Capability and Capacity* – risks associate with the lack of a skilled resource or limited resource.

- *Construction* – has an impact on the timescale and potentially cost of the construction of the facility

- *Clinical Commissioning* – related to the commissioning of clinical services to be provided within the centre

4.2 Assessment Matrix

The assessment matrix provides a framework for assessing and measuring identified risks, which will be reviewed at various points within the governance structure to ensure appropriate priority and visibility is assigned to it

Whilst risks will occur from various diverse routes, it is essential that the standards for assessing the probability and impact of occurrence of each risk should be subject to the same criteria across the whole project/programme. This will allow the risks to be managed consistently, at the appropriate level and given the appropriate attention and visibility.

Risk evaluation and quantification comprises of scores of three types:

- *Impact* – the level of impact on project objectives and business that would arise should the risk materialise;

- *Probability* – the likelihood of the risk arising; and

- *Proximity* – when the risk is likely to occur. This assists with prioritisation and urgency associated with managing the risk.

The scores and associated descriptions are shown in the figures below.

Figure 1. Scoring Protocol – IMPACT

Impact Rating	Impact Description	Impact on Cost
1 – negligible	It will have little effect on project milestones, timescales or achievement of objectives or benefits	No additional cost
2 – minor	It may delay delivery or quality of one or more deliverables but not delay the overall project or affect achievement of objectives or benefits	No additional cost
3 – moderate	A project milestone is delayed which could extend timescales but is unlikely to materially affect successful delivery of the project objectives and benefits	Additional cost by up to [x]%
4 – major	It is likely to delay the achievement of a number of project milestones or a major milestone which could significantly extend timescales. Successful delivery of the project objectives and benefits could also be materially impacted.	Additional cost by up to [x]% to [x]%
5 - catastrophic	Project objectives no longer achievable or major reduction of benefits due to significant time, cost or quality issues.	Additional cost over [x]%

Figure 2. Scoring Protocol – PROBABILITY

Value	Impact Description
1	*Rare* – it is highly unlikely that this risk would materialise – less than [x]% chance
2	*Unlikely* - it is unlikely that the risk will materialise – less than [x]% chance
3	*Possible* – Could happen – [x]% - [x]% chance
4	*Likely* - Often a risk that is outside your direct control or influence – [x]% - [x]% chance
5	*Almost certain* – 80%+ chance. Often a risk that is outside your direct control or influence.

Figure 3. Scoring Protocol – PROXIMITY

Score	Proximity
1	9 months +
2	6 – 9 months
3	3- 6 months
4	1 – 3 months
5	< 1 month

The impact score multiplied by the probability score give the overall risk score.

Figure 4. RAG rating

		IMPACT				
		Negligible	Minor	Moderate	Major	Catastrophic
PROBABILITY		1	2	3	4	5
Almost certain	5	5	10	15	20	25
Likely	4	4	8	12	16	20
Possible	3	3	6	9	12	15
Unlikely	2	2	4	6	8	10
Rare	1	1	2	3	4	5

The risk scores determine the amount and urgency of mitigation action and monitoring required in effectively managing the risk.

The proximity score provides another dimension for prioritising mitigation and focusing resources for effective risk management.

The gross risk score is calculated by:

Impact x Probability x Proximity

The figures below provide guidance on the actions required.

Figure 5. Risk Management – actions

Risk score 15-25 **With Proximity 50-125**	Close monitoring by Project Board High or very high exposure Urgent need to consider additional mitigation action Contingency plan required
Risk score 8-12 **With Proximity 20-50**	Close monitoring by Project Director and Work Stream Leads Urgent need to consider additional mitigation action Contingency plan required Exception reporting on increasing severity to red
Risk score 4-6 **With Proximity 8-18**	Medium exposure Need to consider additional mitigation measures Close monitoring/management by risk owner Review by Project Director and Work Stream Lead
Risk score 1-3 **With Proximity 1-6**	Low exposure Monthly monitoring by risk owner Could consider relaxation of control to divert resources

4.2.1   Risk Status

The Project Manager updates the risk status depending upon progress with management and resolution.

- *New* – a newly reported risk within the month

- *Open* – the risk has been assessed, a risk owner identified and is being actively managed

- *Escalated* – the risk has been escalated to the Programme Board or other governance body for review and advice

- *Transferred* – either the risk has materialised and has been transferred to the issue log, or has been transferred out of the project to another body to manage

- *Closed* – the risk has been resolved or its consequences accepted.

4.3 Mitigation Strategy

A risk mitigation strategy seeks to mitigate the risks and safeguard the delivery of the project/programme and its objectives and indeed the investment being made in the scheme. This is achieved through proactive actions that reduce either:

a) The probability of a risk occurring; or

b) The impact of the risk.

The mitigation strategy comprises of 3 approaches to deal with the risk

- *Acceptance* - accept the risk but take no pre-emptive action to resolve it (unable to address the risk or not cost effective to do so), but consider contingency plans should the risk materialise.

- *Manage* - develop a mitigation plan to reduce probability and or impact

- *Transfer* - the risk is moved to another individual, department or function, to manage

The proposed mitigation is summarised on the risk register. Where the risk is deemed to be significant i.e. red, a detailed mitigation action plan and contingency plan (proposed pro-forma at appendix A) will be prepared and presented to the Programme Board. This provides team members, and managers with clarity of the action that is expected from them while the Programme Board, senior management and other governing bodies have the knowledge of the steps being taken on their behalf to reduce the risk.

5 Roles and Responsibilities

5.1 Programme Director

The Programme Director is responsible for ensuring that all risks have been assigned a Risk Owner and are actively being managed. The Programme Director is specifically responsible for:

- Ensuring all Programme/Project risks are identified and captured on the risk register

- Check the assessment (RAG) and mitigation strategy and category for all risks

- Ensure all Risks are assigned with the most appropriate Risk Owner with the authority and responsibility to manage them

- Review any with risks increasing severity (Amber to Red based on pre-mitigation score)

- Escalate risks to the Programme Board for consideration when mitigation is outside the Programme/Project manager's jurisdiction, or additional support outside of the Programme/Project is needed

- Consider if there are new unidentified risks

- Ensure the top 3 risks are reported on the monthly work stream progress reports and the Programme highlight reports

5.2 Programme Board

The Programme Board is accountable for the overall management of the programme/project risks and is required to review the Board level risks as a standing agenda item. They should:

- Review and monitor all Red risks on the register and as a minimum examine in detail all risks with a score of 16 to 25.

- Identify strategic risks and mitigation

- Allocate as necessary resource to support the risk management process

- Agree the overall risk tolerance level (risk appetite)

- Provide direction to the Programme Director as required for management of risks

5.3 All staff

To be alert to possible risks and to raise these with the Programme Director.

Risk ID:		Date Raised	
Risk Owner:		Risk Actionee:	
RAG Status		Proximity:	

Risk Description:

Impact Description:

Proposed Mitigation:

Action	Actionee	Deadline

Contingency Plan:

Action	Actionee	Deadline