Document Type	Information Report
Programme	Future Northants
Title	Risk Management Strategy for the Future Northants programme
Audience for this document	
North and West Northamptonshire Joint Committees	
Purpose of this document	

The purpose of this strategy is to embed effective risk management in the Future Northants Programme by establishing a risk management framework that provides:

- an effective and efficient control environment

- the overt allocation of accountability for risk management throughout the organisation

- a well-established risk assessment process

- performance monitoring of risk management activity

- communications process to support risk management

Document Control

Version History (please see version control guidance)			
Date	**Version**	**Author**	**Brief Comments on Changes**
05.11.19	0.1	Pete Farrar	Initiation of document
13.11.19	0.2	Pete Farrar	Draft complete
06.02.20	0.3	Paul Helsby	Finalising report
13.02.20	0.4	Jeremy Rawling	Revisions after Design Board

Distribution (For Information, Review or Approval)	
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Paul Helsby	R

(1) Responsibility: I=Information, R=Review, A=Approval

Document Approval	
Date	**Who**
12.02.20	Design Board
19.02.20	Leaders' Oversight Board

1. Introduction and purpose

Definition and scope of risk management

1.1 Risk management involves understanding, analysing and addressing risk to make sure organisations achieve their objectives. So it must be proportionate to the complexity and type of organisation involved.

The Institute of Risk Management (IRM)

The overall process of managing risk can be divided into:

- *Risk analysis, or assessment, which includes the identification, estimation and evaluation of the risks*
- *Risk management that encompasses the planning, monitoring and controlling activities based on the information derived from risk analysis*

1.2 This paper sets the Risk Management Strategy for the Future Northants programme.

2. Background

Aims and objectives

2.1 The risk management policy of Future Northants is to adopt best practices in the identification, evaluation, and cost-effective control of risks to ensure that they are eliminated or reduced to an acceptable level.

2.2 It is acknowledged that some risks will always exist and will never be eliminated. All stakeholders in the Future Northants programme must understand the nature of risk and accept responsibility for risks associated with their area of authority. The necessary support, assistance and commitment of senior management will be provided.

2.3 The risk management objectives of the Future Northants programme are to:

- integrate risk management into our culture
- manage risk in accordance with best practice
- consider safe & legal compliance as a minimum standard
- anticipate and respond to changing social, environmental and legislative requirements
- prevent injury and damage and reduce the cost of risk
- raise awareness of the need for risk management.

2.4 These objectives will be achieved by:

- embedding a risk management culture into the Future Northants programme organisational structure
- including risk management as an agenda item at Boards and meetings as appropriate
- continuing to demonstrate the application of risk management principles
- facilitating risk management workshops
- maintaining documented procedures for the control of risk and the provision of suitable information, training and supervision
- maintaining an appropriate incident reporting and recording system, with investigation procedures to establish cause and prevent recurrence
- maintaining effective communication
- monitoring arrangements on an ongoing basis

Definition of Future Northants risk appetite

2.5 Risk appetite is the amount of risk that the Future Northants programme is prepared to take in order to achieve its objectives. Defining the risk appetite provides the strategic framework for effective decision-making. The programme's risk appetite has not been defined.

2.6 In all circumstances the Future Northants programme will:

- Secure the legal integrity of its actions at all times
- Ensure safety is at the core of how we work
- Minimise exposure to risk
- Control risk wherever possible

Roles and responsibilities

2.7 The following groups and individuals have the following roles and responsibilities for risk management within the Future Northants programme.

Strategic Delivery Director

2.8 To be the clear figurehead for implementing the risk management process by making a clear and public personal commitment to making it work.

Design Board Members

2.9 To ensure the Future Northants programme manages risk effectively through the development of a comprehensive risk management strategy; to monitor delivery by receiving reports from PMO which in turn is solely enabled by information received from the Programmes.

Programme Director

2.10 To champion the cause of risk management within the Future Northants programme, particularly at the strategic level; to take personal responsibility for ensuring that the risk management objectives are achieved.

<u>Head of PMO – Risk Function</u>

2.11 The PMO Risk Function is responsible for establishing and maintaining risk management activities and to provide scrutiny via periodic reviews of both Enterprise and Programme risks. Ensuring adherence to the agreed standards and advising and facilitating where necessary for the escalation of risks.

<u>Programme Manager</u>

2.12 To ensure that risk is managed effectively in each Programme to the agreed risk management strategy and to ensure risks are presented at the relevant Programme boards. Undertake periodic reviews with the PMO Risk Function where risks can be scrutinised, challenged and if necessary escalated.

Methodology for identifying and assessing risk

Enterprise Risks

2.13 Risks identified as a potential threat to the investment portfolio (collection of Programmes) that may impact the delivery of the change the portfolio is set up to deliver. Enterprise Risks are the highest level of risk and are owned by colleagues at the highest level of the organisation.

Unitary Risks (North/West)

2.14 Risks identified as a potentially threat to the achievement of the agreed objectives of either or both North and West Unitary Authorities. If the mitigation of a risk is beyond the control or influence of the Programme Director then this risk will be considered for escalation as an Enterprise risk.

Programme Risks

2.15 Risks to delivery of a Programme. Risks assessed as being beyond the influence or control of the Programme Manager will be proposed for escalation.

Issue Assessment

2.16 For Issue logs, all Issues are 100% probable as they have already occurred, and any impact described is currently happening or has already happened. As such Issues are prioritised over Risks.

Risk Assessment

2.17 For risk logs, the following definitions are applied for the measurement of risk in respect of probability and consequences:

Probability

2.18 Probability is the likelihood that a risk could occur, the greater the likelihood the higher the score. Issues are certain and as such the probability will always be (5. Very High)

Estimation	Description
5: Very High (Probable/Certain)	60%-80% Probability
4: High	40%-60% Probability
3: Medium (Possible)	20%-40% Probability
2: Low	10%-20% Probability
1:Very Low (Remote)	Less than 10% Probability

Impact (Qualitative)

2.19 The impact is an estimate of the effect if a risk occurs, the most common ways a risk could impact a project are cost, time and reputation. This is based on a qualitative score (High/Medium/Low). This provides an indicative estimate of an impact and is the chosen approach to how we measure impact.

Estimation	Description
5: Very High	Severe Impact
4: High	Major Impact
3: Medium	Moderate Impact
2: Low	Slight Impact
1: Very Low	Minimal Impact

Impact (Quantitative)

2.20 Quantitative measurement of a risk impact requires more data and as such provides a greater degree of accuracy. Impact would also have separate distinct categories, usually cost and time.

2.21 Impacts that are quantitatively assessed enable forecasting. This enables a proactive rather than reactive approach.

Estimation	Description
5: Very High	• Financial Impact – 5% + of agreed budget • Time Impact – 40 days +
4: High	• Financial Impact – 4% of agreed budget • Time Impact – 30 - 40 days
3: Medium	• Financial Impact – 3% of agreed budget • Time Impact – 20 - 30 days
2: Low	• Financial Impact – 2% of agreed budget • Time Impact – 10 - 20 days
1: Very Low	• Financial Impact – 1% of agreed budget • Time Impact – 1 - 10 days

Risk Escalation

2.22 When a risk is beyond the influence and/or control of its owner it should be considered for escalation to the tier above.

2.23 This will help ensure that the risk is being understood at the right level and owned by the person or board best equipped to resolve and/or mitigate it.

Risk Tier	Level of Approval
Enterprise	Leaders Oversight Board and Joint Committees
Unitary (North/West)	Design Board
Programme	SRO and Programme Boards
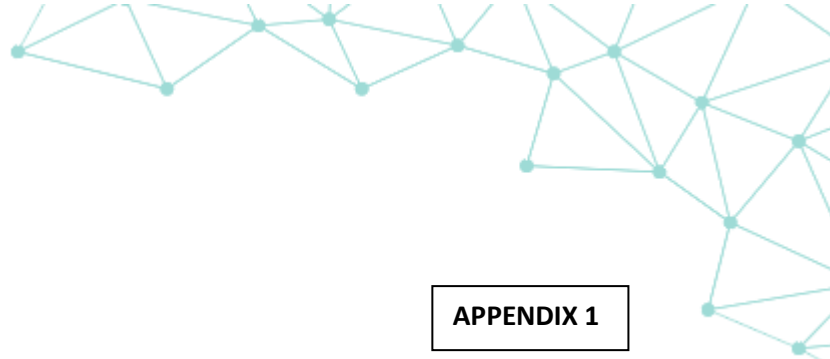
3. Risk Management Strategic Action Plan

Enabling Behaviours

3.1   Embedding risk management fully in any organisation will always be a journey rather than a destination. Nevertheless, addressing the behaviours that have been identified for improvement will help the Future Northants programme improve its practices significantly.

Management Activity	Enabling Behaviours
Leadership and Management	Leaders and senior managers take the lead to champion and apply risk management thoroughly across the organisation. They own and manage a register of key strategic risks and set the risk Appetite.
Strategy and Plans	Risk management principles are reflected in the Programme's strategies and plans. Risk framework is reviewed, developed, refined and communicated.
Escalation	Risk is well managed across Programme boundaries and escalation criteria is consistent.
Processes	Early warning indicators and lessons learned are reported. Critical projects supported through continuity plans
Risk Handling and Assurance	Clear evidence that risk management is being effective in all key areas. Capability-assessed within a formal assurance framework and against best practice standards.
Outcomes and Delivery	Clear evidence that risk management is supporting the delivery of key outcomes in all relevant areas.