

Appendix 3 – Risk Management Plan & Risk Register

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1. Introduction

- 1.1. Improvements, included in the package of regeneration and transport projects for this bid, are focused on Kempston town centre. The scheme has an overall aim of improving the economic vitality of Kempston.
- 1.2. This risk management plan sets out financial and other risks and how they will be mitigated. It explains the principles relating to the Council's risk management strategy and the approach to be taken with respect to this scheme. It also covers refers to the project management, governance, stakeholder engagement and communication, procurement and contract management.

2. The Council's Risk Management Strategy

- 2.1. Scheme risks will be managed in accordance with the Council's Risk Management Strategy, included at Appendix B of this document.
- 2.2. The Project Manager will be responsible for the management of risks associated with the scheme, including chairing regular risk workshops and maintaining the Risk Register. The risk management process improves when responsibility for individual risks are delegated to team members, where necessary. Therefore, risk workshops will be held at regular intervals during the delivery of the scheme and will be timed to coincide with various key milestones and activities shown on the programme.
 - Start of detailed design for scheme elements
 - Midpoint of detailed design for scheme elements
 - Start of procurement for individual scheme elements
 - Following award of contract for individual scheme elements
 - During mobilisation period
 - At frequent intervals during construction period.
- 2.3. The Project Manager will re-issue the Risk Register as and when it is revised. Membership of the risk workshops will vary depending upon the stage of the project.
- 2.4. The effective management of risk and uncertainty through accurate evaluation and proactive mitigation of risks is critical to the success of the project. The following guiding principles will be adhered to:

- Risk management is part of all project management board meetings and decision-making scheme risk will be managed as an on-going process as part of the scheme governance structure. A scheme risk register is maintained and updated at each of the two-weekly Project Governance Board meetings. Responsibility for the risk register being maintained is held by the Council's Project Manager.
- Risk management will be proactively and consistently applied throughout the scheme lifecycle
- Risk communication will be open and transparent to all stakeholders
- The management of risks is to ensure their reduction to a level as low as 'reasonably practical' or adopt appropriate mitigation strategy.

2.5. A risk assessment will be initiated at the beginning of the project, with the identification and assessment of risks in terms of their likelihood and associated cost outcomes, and follows a cyclical process as shown below.

2.6. The risk assessment will be reviewed regularly and the Scheme Steering Group & Board will identify risks and measure their impacts on the programme. All risks will be documented in a register with the impact on programme clearly defined and the mitigation set out. The programme will take account of the 'most likely' scenario after mitigation.

2.7. The first step is the identification of all risks affecting the project through risk workshops and risk reviews, resulting in a risk register. Risk workshops typically include a mixture of expertise such as engineers, designers, finance officers, procurement specialists, and environmentalists.

2.8. Typically, the risk register is instigated with a list of project risks with qualitative information, then through various workshops and iterations, it will be developed to a comprehensive risk register to log the full spectrum of potential risks (also



opportunities if necessary). Appropriate risk owners will be allocated for each risk, and progress on the management of the key risks will be discussed at each Project Board meeting. Periodic risk workshops will review all risks, add new risks, and close expired risks as the project progresses.

- 2.9. The second step of the process is the analysis of the various risks by defining their distributions in terms of probabilities, impacts and knock-on effects. This information is gathered through risk workshops and other interactions. A qualitative risk ranking will be undertaken in the form of a standard decision matrix using the concept shown below. Each risk will be assessed using a score (as set out below) for Cost, Time, Performance, and Probability to calculate an overall risk scoring and to categorise into Red, Amber, Yellow or Green.

Likelihood	Impact				
	Insignificant 1	Minor 2	Moderate 3	Major 4	Catastrophic 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 Management Strategy, at Appendix B of this document, provides the basis for scoring risks.)

3. Risk Management for the LUF Scheme

- 3.1. The initial high level Risk Register can be found at Appendix A of this document. This has identified 29 risks, which are scored at minor or insignificant, having taken account of planned mitigation measures. The was carried out by using the scoring grid, as above (likelihood and impact), and the guidelines on page 30 (in the appended Risk Management Strategy).
- 3.2. Each risk in the Risk Register lists the potential impact/consequences, risk assessment and the actions to be undertaken, in an effort to mitigate the residual risk.
- 3.3. An important aspect of the management process is identifying risks associated with scheme delivery and funding early in the process to allow mitigation to be identified. In order to avoid extreme consequences, this risk management strategy would be

followed throughout the project and would reduce the risk level of these uncertainties.

- 3.4. Should this scheme come forward there will be interdependencies that will need to be managed, particularly in relation to procurement and availability of contractors, requirements for design resource and timetabling of works so that appropriate diversionary routes are available when the highway improvements are under construction. These interdependencies have been considered in the Risk Register.
- 3.5. Project risk will be managed as an ongoing process as part of the scheme governance structure, as set out in the Delivery Plan at Appendix 2 of the bid application form. A more detailed scheme risk register will be established and will be reviewed as a standing item at each Project Board meeting.
- 3.6. Responsibility for the risk register being maintained is held by the Council's Project Manager in conjunction with the Project Steering Group and is reported to the Project Board in the form of checkpoint reports.
- 3.7. Any high residual impact risks are then identified on the highlight report for discussion at the Scheme Board meeting. Required mitigation measures are discussed and agreed at the meeting and actioned by the Project Manager and Steering Group as appropriate.
- 3.8. Other constraints such as the requirement for planning permission or railway possessions have been included in the risk register.
- 3.9. The experience of Council staff is highlighted in terms of delivering major schemes effectively and with little adverse effect. In order to achieve successful delivery of major schemes, management policies, processes and procedures are required to be followed accurately. An important aspect of the management process is identifying risks associated with scheme delivery and funding early in the process to allow mitigation to be identified.

4. Procurement and Contract Management

- 4.1. Once funding has been awarded, procurement relating to all external elements of the programme will be undertaken in accordance with Bedford Borough Council's Procurement Strategy, to ensure we achieve best value for money and quality of service. Details of our approach to procurement (including our Procurement Strategy and Contract Procedure Rules) can be viewed at:
<https://www.bedford.gov.uk/business/doing-business-with-council/tenders-and-contracts/>
- 4.2. Risk workshops will be held prior to each design, procurement, mobilisation and construction stage as identified in the Delivery Plan (at Appendix 2 of the bid application form).
- 4.3. Risks that are best managed by the contractor will be allocated to be priced by the contractor accordingly. Risks best managed by the Council will be retained, so will be excluded from the contract(s).
- 4.4. A series of risk workshops will be undertaken over the course of the project, with results compiled into the Risk Register. Risks are assessed on their likelihood and their severity, both with and without mitigation.
- 4.5. The Council will meet with external contractors on a monthly basis throughout the

construction and delivery periods on each individual Scheme, or more frequently if this is deemed necessary by the Project Manager. All contractors will be contractually obliged to provide monthly progress and financial updates to the Council, which will include updates to the project programme.

- 4.6. If delays are expected due to residual risks occurring, the Project Manager will consult the Steering Group and agree upon the best course of action. Possible mitigation measures include reduction in scope, or rescheduling of the programme.

5. Contingencies & Risk

- 5.1. An allowance of £1.47m has been applied to cover contingencies and risk across all elements of the project delivery. Allowances included in estimated costs are as follows:

- 10% for risks relating to the project complexity and current stage for improvements to active travel infrastructure, the general public realm on the Highway and the Saxon Centre office block refurbishment. (5% for preliminary work and 10% for detailed design have also been included.)
- 5% - 10% for risks relating to the project complexity and current stage for improvements to the public realm in the Saxon Centre Plaza. (5% for preliminary work has also been included.)
- 10%, relating to project complexity, for the proposed demolition of buildings on the Halsey Road Police Station site.

Full information about margins and contingencies has been added to Table D – Costing Elements.

- 5.2. The Risk Register has been developed to consider, manage and mitigate risks associated with delivery of the project, including a number of financial risks. LUF funding allocations are time limited to March 2024, which does create a risk if there are delays in delivery of the project. A robust approach to risk mitigation, delivery programming and monitoring to ensure spend of LUG funds before end of the programme.
- 5.3. Optimism bias refers to the tendency for scheme promoters to be overly optimistic about scheme costs. This has not been included in project funding. The risk-adjusted scheme cost estimate is considered robust but will be reviewed as the scheme proceeds.
- 5.4. The total cost of the scheme has been estimated at £16.7m; match funding of £1.77m will be contributed and accordingly a grant of £14.93m is requested. The scheme is conditional on the allocation of LUF monies.

6. Procurement and Contract Management

- 6.1. The outcomes which the procurement strategy must deliver are to:

- Achieve cost certainty, or certainty that the scheme can be delivered within the available funding constraints;
- Minimise further preparation costs with respect to scheme design by ensuring best value, and appropriate quality;

- Obtain contractor experience and input to the construction programme to ensure the implementation programme is robust and achievable; and
 - Obtain contractor input to risk management and appraisals, including mitigation measures, to capitalise at an early stage on opportunities to reduce construction risk and improve out-turn certainty thereby reducing risks to a level that is 'As Low As Reasonably Practicable'.
- 6.2. Although many of the design risks can only be resolved through rigorous design and review processes, once the design options are clear and the scope of land acquisition, highway requirements, environmental requirements are fully identified; the primary risks will be related to construction. There is potential for transferring these risks through the construction procurement process. This will be explored fully as the design and procurement process progresses.
- 6.3. Risk transfer can be facilitated through the inclusion of standard contractual clauses covering delayed damages. Costs are derived through either mini competition or previously competitively tendered rates (for Council contracts). Item coverage will be through bills of quantities, which in turn are quantified based upon 3d design drawings/schedules and established methods of measurement. Council resources will be used to supervise works on site and to approve design changes.
- 6.4. Marginal risks, including managing planning consent, road space, programme conflicts, demands from businesses and residents will be the responsibility of the Councils own project management team.
- 6.5. Risk allocation will be monitored against previous work carried out as part of the risk assessment and cost estimates on a scheme by scheme basis. Contract Management – the Council will meet with external contractors on a monthly basis throughout the construction and deliver periods on each individual scheme, or more frequently if this is deemed necessary by the Project Manager.
- 6.6. All contractors will be contractually obliged to provide monthly progress and financial updates to the Council, which will include updates to the project programme.
- 6.7. It is anticipated that some utility diversions will be required as a consequence of the scheme. These diversions could involve some engineering challenges; however, early contractor involvement will mitigate against any potential utility or construction risks. Trial holes will be undertaken to establish the location of apparatus in key areas to ensure an accurate assessment of impacts and costs can be made at this stage of the project.
- 6.8. Streetworks co-ordination: third party works will be planned early and continued engagement through the Council's established streetworks permitting scheme will allow constraints in programming and opportunities for joint use of road space to be identified and planned.
- 6.9. The usual Council governance procedures will apply to all aspects of the project management, as set out in Bedford Borough Council's Project Management Manual (PMM, as appended to the Delivery Plan at Appendix 2 of the bid application form), with issues being escalated in accordance with Council protocols as necessary. This will identify corrective actions to properly address issues and avoid risks (how to get on track again).
- 6.10. The Director of Environment and the Councils Project Manager will have delegated authority to take operational decisions. Financial management will be in accordance

with Councils established protocols. The Project Manager will be the budget holder for the project and will have authority on all transactions up to £10,000. Transactions up to £100,000 can be approved by Chief Officers and amounts above £100,000 will require Director approval. The Chief Officers and Directors are members of the Project Governance Board.

- 6.11. The checkpoint report summarises project, risks, issues, assumptions and dependencies (known as RAIDs). i.e. items which could impact adversely on the project. The project plan will be updated to show expected and actual timeframes for the checkpoint reports / decisions.
- 6.12. In addition to the critical risks above, there are a series of risks that could lead to the scheme exceeding the estimated project costs; the estimated scheme cost incorporates several of these risks and an allowance to cover contingencies and risk across all elements of the project delivery.
- 6.13. A detailed estimate of costs will be completed as part of the detailed design process, with a reduction in contingency expected due to greater confidence in the cost estimate.
- 6.14. The financial management of the project will be monitored by the Project Manager.
- 6.15. Any expected **overruns/shortfalls** will be discussed with the Steering Group to agree upon a course of action. Depending on the extent, possible mitigation measures will include a reduction in scope, financial support through the Council's internal funding or existing DfT capital grants, or application for additional funding. Any use of existing grants or funding commitments would have to be balanced against the need to maintain highway infrastructure and deliver other objectives. The Scheme Board will make key decisions in relation to the project and will have the final say on committing funds.
- 6.16. **Project delay** is the other main impact of the scheme risks. In order to mitigate delay, actions have been undertaken as outlined in the Risk Register, primarily surrounding the development of the programme. The programme has been established taking into account road space constraints and sequencing of projects, and certain elements of the programme have built in tolerance / contingency to account for risks identified within the risk register (which could have an impact upon the programme).
- 6.17. The elements of the Scheme with greatest engineering difficulty have been separated in the programme to provide long lead in times, with the simpler elements programmed for the end of the project. The programme will also be updated as part of the detailed design process, as well as throughout the scheme delivery.
- 6.18. The provisional Project Plan, as provided in the Delivery Plan at Appendix 2 of the bid application form, covers each stage of the scheme and the critical path. The tasks that have a critical end date that affect the delivery timescale are highlighted on the Project Plan. The plan will be reviewed and updated on a regular basis, and will be considered at fortnightly Governance Board meetings.
- 6.19. Feedback received as part of all consultation / Stakeholder engagements will be recorded by the Project Manager and reported to the Project Board. As feedback is likely to influence design, programme and risk issues updates to the stakeholder management plan will be reported in the form of an 'events and issues' log as part of routine quarterly monitoring, and due regard given to any changes in design, programme or risk that may affect the wider business case.

- 6.20. Most of the powers needed to deliver highway and public realm works are contained within the Highway Acts, and the approvals process is not expected to be problematic. However, where public consultation is required, this will have to be programmed in and delivered within the set timeframe
- 6.21. Working within the town centre is a constraint in itself because of the multiplicity of uses, users and the built environment. Any construction disruption to the highway or public realm will have an impact on visitors, travellers and businesses, all of which will be set within a relatively long timeframe. Construction Management Plans will need to demonstrate that the adverse impacts of disruption have been taken into account.

Appendix A – High Level Risk Register

ID	Project	Risk Description	Initial Probability	Initial Impact	Initial Risk Score	Mitigation / Action Steps / Strategy	Action Review Date	Expected Resolution Date	Adjusted Probability	Adjusted Impact	Adjusted Risk Score	Risk Type **
1	Regeneration	Saxon Centre Office Block Refurbishment: Possible refusal by Realty to transfer ownership of building	2	5	10	Negotiations based on current value as derelict building and future liabilities	Oct 2021	Dec 2021	1	3	3	Financial, Reputational
2	Regeneration	Saxon Centre Office Block Refurbishment: Unforeseen environmental impact due to lack of current survey information	3	3	9	Undertake site surveys	Oct 2021	Dec 2021	2	3	6	Reputational, Financial, Environmental
3	Regeneration	Saxon Centre Office Block Refurbishment: Possible boundary disputes between adjacent stakeholders and rights of Access/ Wayleaves	3	4	12	Early dialogue with Sainsbury's	Sept 2021	Dec 2021	1	3	3	Financial, Reputational, Governance
4	Regeneration	Saxon Centre Office Block Refurbishment: Lack of interest by businesses in renting office accommodation	1	4	4	Advance marketing	Dec 2022	April 2023	1	3	3	Financial, Reputational
5	Regeneration	Police Station site: MCCC OBC/FBC not approved by partnering bodies, in time for demolition to take place by bid deadline of 31st March 2024	3	4	12	Close liaison with MCCC partners and the setting up of specific working group to drive progress.	Oct 2021	March 2022	2	4	8	Financial, Reputational, Governance
6	Regeneration	Police Station site: Inability to agree the price as estimated (delay)	3	4	12	Negotiation	Oct 2021	March 2022	1	3	3	Reputational, Financial, Service Disruption
7	Scheme wide	Costs of improvement works higher than estimated (project overspend during implementation)	3	4	12	Contingencies included Use of frameworks for procurement or open tender exercises and by clearly setting out price / quality split, carrying out works in advance and allowing contractors to propose delivery programmes and methodology (which will be considered as part of the quality assessment). Feasibility and on-going dialogue, regular progress meetings and early engagement with contractors Use of Council DLO Monitoring and escalating for remedial action, as part of overall project management Regularly review costs against budget to ensure that cost and progress are effectively managed.	Oct 2021 (initially) and at regular intervals	Ongoing until project end	2	4	8	Financial, Reputational

** Risks shaded blue above are included in Table 18 of the Option Assessment Report (Appendix 9 of the bid application form)

ID	Project	Risk Description	Initial Probability	Initial Impact	Initial Risk Score	Mitigation / Action Steps / Strategy	Action Review Date	Expected Resolution Date	Adjusted Probability	Adjusted Impact	Adjusted Risk Score	Risk Type **
8	Scheme wide	Increase of capital costs due to unforeseen which impact the scheme cost benefit analysis.	3	4	12	As project progresses, updates will be provided as soon as new information/predictions are carried out that would inform the risk.	Oct 2021 (initially) and at regular intervals	Ongoing until project end	2	4	8	Financial, Reputational
9	Scheme wide	Core and sensitivity assumptions are not met	2	4	8	National and local projections will be used to estimate growth in Kempston. This will help to accurately inform decisions on the extent of the interventions at the design phase of the projects.	Oct 2021 (initially) and at regular intervals	Ongoing until project end	1	4	4	Financial, Reputational
10	Scheme wide	HMG may not be satisfied with scheme progress and may withdraw funding	1	3	3	Work closely with the HMG throughout the programme, providing regular progress reports.	Oct 2021 (initially) and at regular intervals	Ongoing until project end	2	3	6	Financial, Reputational
11	Scheme wide	Change in political support and shift in priority challenges	1	3	3	The identified challenges are part of the area's local plan. Regular review to ensure retained.	Oct 2021 (initially) and at regular intervals	Ongoing until project end	1	3	3	Reputational
12	Scheme wide	General programme delay	3	4	12	Feasibility and on-going dialogue, regular progress meetings and early engagement with contractors Monitoring and escalating for remedial action, as part of overall project management	Oct 2021 (initially) and at regular intervals	Ongoing until project end	2	4	8	Reputational, Financial, Service Disruption
13	Scheme wide	Programme delays due to inclement weather	4	4	16	ECI involvement, planning of project delivery and inclusion of float in programmes to mitigate risk	March 2022 (initially) and at regular intervals	Ongoing throughout scheme implementation	2	3	6	Service Disruption, Financial
14	Scheme wide	Archaeological finds on site could delay the programme	2	4	8	The Historic Environment Record (HER) for Bedfordshire indicates that Roman remains are found around Kempston town centre. As the proposed interventions are not intrusive, we do not expect this to affect the programme, however we will consider undertaking archaeological surveys prior to alterations.	Oct 2021 (initially) and at regular intervals	Ongoing until project end	2	4	8	Service Disruption, Financial
15	Scheme wide	Lack of availability of Utility companies to identify utilities and programme diversion works where needed	3	4	12	Work with utility companies at an early stage to identify stats issues and cost-effective means of dealing with them, to facilitate programming of works. Placing orders at an early stage to secure delivery timeframes. Contingencies	Oct 2021 (initially) and at regular intervals	Regular review and resolution ahead of project milestones	2	4	8	Service Disruption, Financial, People
16	Scheme wide	Covid-19 impact: Delay or additional costs relating to Covid 19	2	3	6	Improved systems to allow working from home Clear protocols on office access and retention of site staff, who are also working under clear guidelines. Contingencies Following Government guidance	Oct 2021	Oct 2022	1	3	3	Reputational, Financial, People

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17	Scheme wide	Insufficient internal or external resources	2	4	8	Forward planning and prioritisation of available resources to ensure that sufficient resource is available at the various stages of work, to ensure delivery. Employ consultant / agency support Fortnightly resourcing meetings will be held to ensure delivery programme is followed and monitor spending.	Oct 2021 (initially) and at regular intervals	Regular review and resolution ahead of project milestones	1	3	3	Service Disruption, Financial, People
18	Scheme wide	Inability to access works locations	2	4	8	Early engagement with adjacent land owners to confirm land access agreements	Oct 2021 (initially) and at regular intervals	Regular review and resolution ahead of project	1	3	3	Service Disruption, Financial
19	Scheme wide	Lack of communication between parties involved	2	4	8	Regular communication between project manager and client to ensure both sides are on schedule.	Oct 2021 (initially) and at regular intervals	Ongoing throughout scheme implementation	1	3	3	Service Disruption, Financial
20	Scheme wide	Individual disciplines fail to deliver project deliverables.	1	3	3	Regular contact between involved disciplines will be held.	Oct 2021 (initially) and at regular intervals	Ongoing throughout scheme implementation	1	3	3	Service Disruption, Financial
21	Scheme wide	Lack of understanding of the roles and responsibilities (clear governance), skills, capability, and capacity needed for the scheme	3	4	12	Valuable experience and knowledge gained during the management of several successful, large-scale, high profile projects, in the recent past. Rigorous project management, including defined roles and responsibilities (reviewed regularly).	Oct 2021 (initially) and at regular intervals	Regular review and resolution ahead of project milestones	1	3	3	Financial, Reputational, Governance
22	Scheme wide	The interrelation between schemes is not considered properly and affects deliverability of one or multiple interventions.	2	3	6	Work closely with the Development Management teams on the development of the schemes	Oct 2021 (initially) and at regular intervals	Ongoing throughout scheme implementation	1	3	3	Service Disruption, Financial
23	Scheme wide	Lack of a detailed programme document showing realistic timescales; key decisions on the project may be misinformed	2	3	6	Create a more detailed Gantt chart as soon as possible, ensure that this is reviewed regularly, updated and checked with the Board.	Oct 2021 (initially) and at regular intervals	Ongoing throughout scheme implementation	1	3	3	Service Disruption, Financial
24	Scheme wide	Public objections to prioritisation of interventions needed (and associated grant funding). Stakeholders may voice a strong negative opinion.	2	3	6	Communications plan Stakeholder consultation Organise public consultation/exhibition events to keep them informed and quickly adjust plans (within reason) based on their feedback.	Oct 2021 (initially) and at regular intervals	Ongoing throughout scheme implementation	2	3	6	Reputational

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ID	Project	Risk Description	Initial Probability	Initial Impact	Initial Risk Score	Mitigation / Action Steps / Strategy	Action Review Date	Expected Resolution Date	Adjusted Probability	Adjusted Impact	Adjusted Risk Score	Risk Type **
25	Scheme wide	Inadequate stakeholder consultation	2	3	6	Establish team to carry out regular stakeholder engagement early with stakeholders and establish a board of representatives Communications Plan to include early release of area wide information leaflet, focused press releases on schemes and more frequent updates to website.	Oct 2021 (initially) and at regular intervals	Ongoing throughout scheme implementation	1	3	3	Reputational, Governance
26	Scheme wide	Theft and vandalism of proposed interventions	1	3	3	The local community will be involved in the consultation process throughout the project. This will create a sense of ownership for the place and facilities and services in it, which will reduce the likelihood of deliberate damage.	Oct 2021 (initially) and at regular intervals	Ongoing throughout scheme implementation	1	3	3	Service Disruption, Financial
27	Transport	Active Travel Infrastructure Improvements: Programme delays due to incidents affecting the Highway Network	2	4	8	To be managed via programme and inclusion of float to cover risk	Following any incidents	As and when incidents occur	1	3	3	Service Disruption, Financial
28	Transport	Active Travel Infrastructure Improvements: Roadworks co-ordination	3	4	12	Initial discussions with traffic manager; public transport operators; schools. Advance notices to be issued once funding agreed. Draft programme to be coordinated with all known risks.	Oct 2021 (initially) and at regular intervals	Regular review and resolution ahead of project	2	4	8	Service Disruption, Financial
29	Transport	Active Travel Infrastructure Improvements: Agreed Council funding no longer possible	2	4	8	Early firm commitment of funding	Oct 2021	Oct 2021	1	4	4	Financial, Reputational, Governance

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Risk Management Policy Statement and Strategy

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1. POLICY STATEMENT

- 1.1. Bedford Borough Council's ambition is to be the place to grow. This ambition will guide our actions as a Council and focus our work on helping to realise the potential of the Borough. Four goals guide our approach, which are to support people, enhance places, create wealth and empower communities. Achieving these goals will require distinctive council services tailored to the needs of local people and businesses, but these must be delivered alongside the things that every local council has to do. All of this has to be delivered during a time of decreasing resources, growing demand and changing expectations. The Council has prepared a Corporate Plan which sets out how it will meet its goals.
- 1.2. As the council works towards meeting these goals it will encounter varying levels of risk. Risks are uncertainties that may affect the Council's ability to achieve its ambition and goals to operate on a daily basis. A risk can be either a threat or an opportunity. In order to reduce the impact of any risks, risk management should be employed. Risk management is the planned and systematic process of managing business risk within a comprehensive framework to ensure it is managed effectively, efficiently and coherently across the organisation. The Council's approach sets out the methodology for identification, evaluation, control and monitoring of risk.
- 1.3. Effective risk management enables the council to:
 - successfully manage public funds prudently,
 - provide a safe and productive environment for residents, employees and visitors
 - identify and address any new risks that it might face in the delivery of its wide range of services, functions and activities
 - manage existing risks effectively
- 1.4. The Policy covers all areas of the Council's activities and the relationships it has with external parties. Risk affects the Council and its communities and if it is not managed effectively it could affect performance levels, efficient use of resources and potentially damage the Council's reputation.

2. STATEMENT OF COMMITMENT

Effective risk management is an essential element of sound strategic governance, and should be embedded as part of the culture of the Council. The Council is therefore committed to reducing risks to the services it provides by adopting best practice in Risk Management. It recognises that through Risk Management the Council will be able to reduce losses and minimise the risk of service failure as well as maximise opportunities to create safer environments for its residents, employees and visitors. The Council, as a predominantly risk-averse organisation, will make every effort to identify and minimise service failure and financial loss by implementing measures whenever possible.

The Council will prepare and will keep under review a Risk Management Strategy, which will enable it to demonstrate that it has fully considered the implications of risk in the delivery and achievement of its objectives, strategic aims and priorities. This strategy is fundamental to the sound governance practices of this Council. It is in place to secure the protection of all the resources of the Council. It has the full support of the Executive and it is the responsibility of all Officers to provide commitment and co-operation in its full implementation. This Risk Management Policy Statement and Strategy compliment and support the strategic aims and priorities that are set out in the Bedford Borough Council Corporate Plan.

3. RISK MANAGEMENT FRAMEWORK

- 3.1. A risk management framework is a structured approach for the management of business risk, applied throughout all levels of the organisation. This strategy is one part of the overall risk framework, the essential elements of which include:
 - Risk Management Policy Statement and Strategy (including governance and accountabilities)
 - Risk Management Process
 - Risk Management Tools and Guidance to support the process
 - Risk Management Training
 - Risk Assurance Statement.
- 3.2. Risk management is a continuous business discipline that works to reduce the likelihood of a risk, i.e. 'an uncertain event or set of events that could have a detrimental effect on the achievement of its objectives' occurring.
- 3.3. The Council acknowledges that some risks will always exist and can never be fully mitigated, and therefore some managed risk- taking is essential if the Council is to meet its objectives. Furthermore, seeking to avoid all risks would not be financially viable. The Council will prioritise managing those risks that may significantly affect the achievement of its objectives. The Mayor, elected Members, and all employees must understand the nature of risk and consider risks whilst making decisions or carrying out their duties.

- 3.4. Primarily, Members and senior officers will focus on the strategic and business critical risks that could impact on the achievement of objectives or successful delivery of outcomes. More detailed business operations risks will be the primary concern of services and functions, where managers will be controlling and monitoring their risks and escalating these to a strategic level if the risks become likely and/or the impact becomes more serious.
- 3.5. The Risk Management Framework provides a consistent standard approach to managing risk which :
- Provides early warning signs to enable timely decision making and early intervention where required;
 - Facilitates the effective, pragmatic use of resources and the generation of savings;
 - Delivers a consistent and transparent approach for identifying, measuring, controlling and reporting risk across the whole Council at all levels;
 - Protects the Council's assets, staff and reputation and safeguards it's partners and the wider community;
 - Supports good governance and internal control;
 - Avoids gaps in awareness of risk management anywhere in the organisation, which is enhanced by the maintenance of one interlinked risk register for the organisation.

4. BENEFITS OF MANAGING RISK

- 4.1. There is an increasing complexity of risks facing the Council e.g. reducing funding levels, increasing demands on services, the transformation programme and joint working arrangements. In light of this, the Council will continually review its risk management capability and will direct resources to areas needing improvement and development, ensuring that risk management arrangements remain fit for purpose. Managing risk is the essence of a mature business approach and effective risk management can bring the following benefits:
- Safeguarding the Councils' strategic aims and objectives;
 - Supporting strategic and operational decision making and business planning;
 - Providing insight and understanding into the Council's operating functions and its environments, both internally and externally;
 - Enabling the targeting and improved usage of resources;
 - Assisting and improving management processes, across services, at all levels through improved decision making;
 - Supporting the Council in protecting its reputation;
 - Assisting with the identification and control of those events that may have an impact on the Council and its customers

5. RISK APPETITE

- 5.1. The Council understands risk appetite to mean the amount of risk the Council is prepared to tolerate or be exposed to at any one time. It is recognised that the appetite for risk will vary according to the activity undertaken. Risk appetite is also influenced by an organisation's culture, strategy and competitive position and includes both the tendency to take risk and to exercise the control of risks.
- 5.2. The Council is a statutory body with a fiduciary responsibility to manage and safeguard public funds to the benefit of the Borough's residents, businesses and other organisations. Residents in particular rely on the Council to provide a wide range of essential services, often provided to support the most vulnerable members of the community. The Council has a strong leadership role in the local community and considers it important that the Council's activities promote best practice. Therefore, when taking any decision the Council will always give consideration to the risk implications that arise from the decision.
- 5.3. Ensuring the continuous effectiveness of risk management requires strong and sustained commitment by the Members and senior officers of the Council as well as strategic and rigorous planning to achieve commitment at all levels. The tone set by senior management towards risk management has the greatest impact on organisational appetite.
- 5.4. It is recognised that in order to deliver its strategic aims, the Council will have to take and manage certain business risk. The decision to accept such a level of risk should be taken with careful consideration given to all the risks that may arise and their implications. There are some risks that would be considered intolerable risks and these are those that could:
 - Significantly impact upon the safety of employees or our customers/clients
 - Have a damaging impact on our reputation
 - Lead to breaches of laws and regulations
 - Endanger the future operations of the Council.

For the reasons given above the Council's stance is that it should be averse to risk and should normally seek to avoid significant risk taking.

6. RISK MATURITY

- 6.1. Risk maturity refers to how well established Risk Management is as a discipline across the organisation. The Council was last assessed to be medium level of maturity in the financial year 1/4/2019 to 31/03/2020. An Improvement Plan was adopted which resulted in further

development and strengthening work of the Council's Risk Management practice. The following has been completed as part of the Improvement Plan:

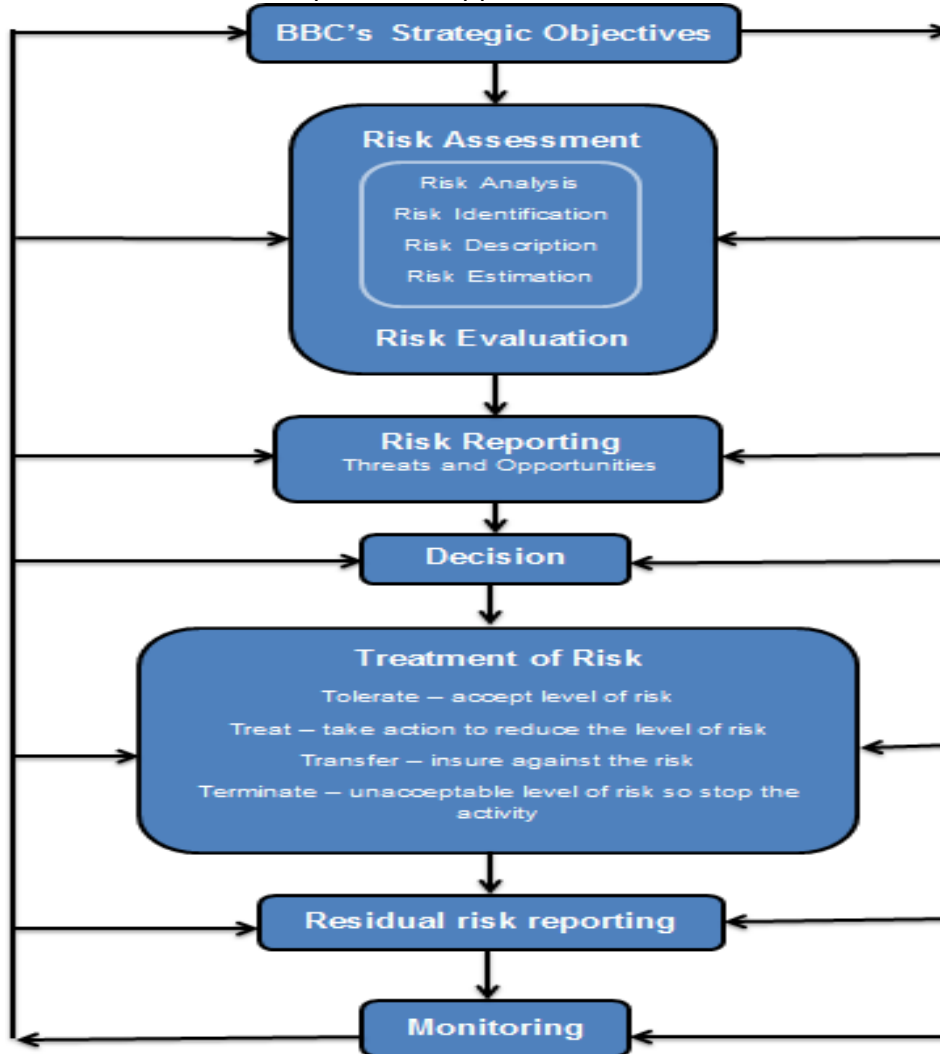
- Complete review of the Operational Risk Registers and the establishment a formal link between the Operational and Strategic Risk Registers.
- Training of Risk Owners in Risk Management as well as the JCAD Risk Management systems.
- Design of training for Chief Officers that will be conducted before 31st of March 2020.
- Adoption of target dates in the mitigating controls held in the Risk Management System.
- Implementation of the diary review system for Risk Owners to review risks.
- Adoption of a 5x5 Risk Scoring Matrix.
- Appointment of a Risk Officer who is now in post, to support the Directorates in Risk Management diary management, system and issues.
- Appointment of an Insurance and Risk Team Leader, who is now in post, to assist the Chief Officer for Corporate Finance & Pensions in leading the Risk Management Strategy and Training.

7. THE RISK MANAGEMENT PROCESS AND LEVELS OF RISK

- 7.1. The process of Risk Management requires that risks are identified, evaluated, addressed and monitored at regular intervals. The process is cyclical and it is often necessary to revisit earlier steps and carry them out again to ensure a complete picture of the risks to the activity/outcome being assessed. In considering risk the following are taken into account:
- managing resources wisely,
 - evaluating courses of action to support decision-making,
 - protecting everyone from harm,
 - safeguarding assets and the environment and
 - protecting the organisation's reputation.
- 7.2. Whenever an activity takes place, there will be an outcome. This outcome will be either the desired outcome (a success) or the undesired outcome (a failure). In undertaking any activity there are a number of risk factors which, if they are not managed properly, will result in failure rather than success.
- 7.3. The risk management process is a business planning tool designed to provide a methodical way for addressing risk to:

- Identify the objectives and what can go wrong
- Act to avoid things going wrong or to minimise the impact if it does
- Give rise to opportunities for success and to reducing threats to success

7.4. The following table identifies how the process is approached:



- 7.5. There are differing levels of risk which will have varying levels of impact on the Council. For each risk the level should be identified as this will assist in the priority given to the risk and will identify who should be responsible for managing the risk. Levels of risks can be categorised as follows:

Strategic or cross cutting

These risks are ones that affect a significant proportion of the organisation, or that if realised would have a significant impact on the organisation, or risks that cannot be managed within a specific service area or project.

Specific to a service or function

This category comprises those risks that relate to a specific service or function, are not likely to have a significant effect on the organisation as a whole and can be effectively managed within the service or function.

Specific to a project

This category comprises those risks that relate to a specific project and are, therefore, of a limited duration and can be managed as part of the project management arrangements.

Partnership Risks

This category comprises those risks arising as a result of the Council participating in partnerships. Risk may be to the partnership or directly to the Council.

8. RISK MATRIX - TOOL FOR ASSESSING RISK

- 8.1. All identified risks need to be assessed to determine the likely consequences of the risk materialising, estimated severity and effect on the Council. Both the *probability* and *impact* of each risk needs to be evaluated so that action can be prioritised for the most serious risks. Risks are evaluated using the matrixes set out on the page overleaf.
- 8.2. Guidance on assessing the probability and impact of risks is provided at Appendix 1.

- 8.3. The overall score is determined using the matrix overleaf to plot the assessed probability and impact. The matrix is scored from 1 (the lowest risk) up to 25 (the highest risk) on a diagonal basis. This approach gives score based on both probability and impact.
- 8.4. Any risk scoring 15 or above (i.e. in the red shaded area) are serious in nature and, therefore, will be included in the Strategic Risk Register. The Strategic Risk Register may also incorporate other risks where appropriate.

Likelihood	Impact				
	Insignificant 1	Minor 2	Moderate 3	Major 4	Catastrophic 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

Managing Risks

- 8.5. All risks identified, assessed and scored are recorded on the Council's Risk Management System (JCAD). Once recorded, risks can be dealt with depending on the assessed score and typically the management options are to tolerate, treat, transfer or terminate the risk (the 4Ts). It may be possible to tolerate low scoring risks but these should still be monitored and subject to regular review.
- 8.6. It may be possible to treat medium or high scoring risks by means of enhancing or introducing effective risk control measures that could reduce the risk to an acceptable level. Some risks may be addressed by way of transfer to an external insurance company. A target risk level can be adopted when measures can be put in place to reduce risk to a desired level.
- 8.7. If a risk is considered to be too high, even after the application of risk control measures then it may be necessary to terminate that particular activity.

Reviewing and Reporting Risks

- 8.8. Effective risk management requires a reporting structure to ensure that risks are effectively identified and assessed and that appropriate controls and responses are in place. The reporting structure should be capable of identifying when modifications are required to the risk management process in response to changes and developments in the organisation. The Risk Management Process needs to be reviewed at least annually and more often where the need arises, (as outlined in Appendix 2). Also the outcomes of actions taken to address the risks that have been identified and assessed need to be reviewed at least annually.
- 8.9. Additionally, when the Executive (or an individual Portfolio Holder) consider(s) any matter requiring an Executive Decision, the risk implications must be considered and taken into account in making the decision. It is a requirement that all the Council's reports include a section on Risk Implications.
- 8.10. The risks of undertaking any project should be evaluated before the project is undertaken and the risk assessment should form part of the process to assess the viability of the project. Guidance is provided at Table 3 in Appendix 1 for assessing the likely risk profile of a project which should be undertaken as part of the process of initiating a project. The risk profile should determine the governance arrangements required to manage the project with projects deemed to be higher risk subject to more robust governance processes (separate guidance regarding project governance is provided on as part of the Council's Business Change Methodology). Once a project is initiated risks should then be reviewed regularly throughout, as part of the routine project management process.

- 8.11. Participation in partnerships may result in risks that are beyond the normal range of risk experienced by the Council. The ability of the Council to manage such risks may be weakened where it does not exercise direct control over services delivered through partnerships. A separate risk register should be maintained for strategic partnerships, which considers the effectiveness of the partnership in managing risks in addition to the role of the Council.
- 8.12. These aspects will need to be part of an ongoing process of reporting on risk management to the appropriate levels of management identified under the Responsibilities Section of this strategy.
- 8.13. Directors, Assistant Chief Executives and Chief Officers also have responsibility for maintaining an awareness of new risks arising, at any time, from their own service areas as well as those arising from the wider activities of the Council. Where an officer becomes aware of the potential for a new risk this should be incorporated into the risk management process as appropriate after considering the probability and impact of the risk.

9. RISK MANAGEMENT RESPONSIBILITIES

- 9.1. All Members, senior leaders, employees and partner organisations have a role to play in ensuring that risk is effectively managed. The risk management framework has been endorsed and supported by the Management Team who set the organisational tone for risk management and champion the benefits through all levels of the business.
- 9.2. Risk management is only considered to be truly embedded when it functions as part of the Council's day to day operations. In order for this to be achieved it is vital that clarity exists to determine the various roles and responsibilities of individuals involved throughout the Council in the risk management process and this strategy formalises those responsibilities. The table below outlines the key responsibilities for each group/stakeholder.

Group/Stakeholder	Role Description
Executive	<ul style="list-style-type: none"> • Oversee delivery of the Risk Management Strategy • Review the Risk Management Strategy annually • Review progress of management of strategic risks • Ensure consideration of risk in agreeing the Council's direction of travel • Consider fully risk implications as part of the decision making protocol when considering all proposals • Consider fully risk implications as part of the decision making protocol relating to proposed partnerships and before entering into any contractually binding relationships for the Council • Consider risks relating to the annual budget setting process for capital and revenue budgets i.e. at individual service and capital scheme level as well as at an overall level, and including consideration of risks associated with the funding of the revenue and capital budgets before finalising recommendations • Consider the resource implications of mitigating any risks which cannot be dealt with by other means as part of the annual budget process • Approve annual external insurance portfolio arrangements and associated premiums • Approve appropriate contingency to enable the Council to deal with those risks which

Group/Stakeholder	Role Description
Portfolio Holder	<ul style="list-style-type: none"> • Responsible for risk management at a strategic level for their respective portfolio services • Responsible for considering the risks relating to service decisions in their area of responsibility, before finalising or approving those Plans
Audit Committee	<ul style="list-style-type: none"> • Provide independent assurance of the Council's corporate governance, risk management framework and associated control environment
	<ul style="list-style-type: none"> • Review the arrangements for risk management throughout the Council and, where considered necessary to report to the Executive or Council, as appropriate, on risk management issues • Review periodically the Council's corporate risk register
All staff	<ul style="list-style-type: none"> • Act in accordance with Financial Procedure Rules and the Risk Management Strategy at all times
Director/Assistant Chief Executive/Chief Officer	<ul style="list-style-type: none"> • Undertake risk assessments for all service/function areas in line with the guidance in the strategy • Put in place an awareness and appropriate management processes to control and mitigate risks • Refer serious risks for inclusion on the Strategic Risk Register and contribute to managing Strategic Risks • Maintain an awareness of Strategic Risks and their potential impact on specific services or functions so that service/function specific mitigation is put in place, where appropriate, to supplement strategic risk management arrangements • Ensure all high risk issues are identified and addressed as part of the annual review of service plans/budgets submitted to the Executive/Portfolio Holder for decision • Put procedures in place for notifying the Assistant Chief Executive (Enabling Services) of any new insurable risks as well as any new or potential insurance claims • Conduct business continuity assessments and prepare business continuity plans for each service. • Outline risk implications in respect of all reports issued to the Executive (or Portfolio Holders) before any decisions are made

Group/Stakeholder	Role Description
Management Team	<ul style="list-style-type: none"> • Ensure risk management is part of the ongoing process of the Council and that the Executive is advised annually of <ul style="list-style-type: none"> ○ strategic risks facing the Council and ○ how significant risks should be controlled or mitigated. • Ensure that any “cross cutting” risks are evaluated following reports from Corporate Risk Management Group, Directors, Assistant Chief Executives, or Chief Officers • Ensure that a Corporate Business Continuity Plan is prepared using information from individual services’ business continuity plans. Report any issues requiring additional resource or variation in policy to the Executive for consideration.
Corporate Risk Champions Management	<ul style="list-style-type: none"> • Regularly review the Strategic Risk Register and report any concerns arising to Management Team. • Identify and explore any emerging risks, which may impact on the Council.
Chief Finance Officer	<ul style="list-style-type: none"> • Annually review the Risk Management Strategy and report the outcome to the Executive. • Ensure that the Strategy is being implemented by raising any reported issues to the Management Team • Make the Executive aware, before final decisions on budget recommendations are made, of the risks associated with: <ul style="list-style-type: none"> ○ Proposed service/function budgets; ○ Proposed capital programme budgets; ○ Total capital/revenue budget proposals.
Chief Officer for Internal Audit	<ul style="list-style-type: none"> • Ensure that risk management arrangements are reviewed annually as part of the annual audit plan, and that risks identified in operational risk registers are taken into account as part of the audit assurance process

Group/Stakeholder	Role Description
Chief Officer for Corporate Finance and Pensions	<ul style="list-style-type: none"> • Designate an officer to <ul style="list-style-type: none"> ○ Maintain the Council's computerised risk registers system; <ul style="list-style-type: none"> ▪ Monitor process of reviewing risk and risk management process across the Council; ▪ Maintain appropriate external insurance cover and report to Executive an annual review of arrangements and associated revised premiums; ▪ Manage the Council's self-insurance arrangements including the Insurance Reserve; and report to the Portfolio Holder; ○ Monitor insurance claim trends and assess the cost effectiveness of insurance arrangements and the performance of the Council's external insurers; <ul style="list-style-type: none"> ▪ Maintain a professional knowledge of effective risk management and promote good practice across the organisation; ▪ Ensure the Council participates in a professional public sector risk management organisation; ▪ Facilitate risk management training for Officers and Members involved in the risk management process. • Develop risk management capability across the Council through <ul style="list-style-type: none"> ○ Provision of guidance, education, training and support
Staff in Departments, Services and Units	<ul style="list-style-type: none"> • Participate in the annual review of risks and business continuity arrangements relating to their or functions when requested by Chief Officers services

Business Continuity Assessments

- 9.3. This is a separate process, but is intrinsically linked to risk assessments. The Council maintains a Corporate Business Continuity Plan to ensure that it will be able to deliver vital services in the event of a major disaster or incident which renders normal arrangements impossible.
- 9.4. Each service should prepare a business continuity plan as part of their annual service planning process which reflects the risk assessments and links to the Corporate Business Continuity Plan. This should include an evaluation of the Corporate Critical Services and Prioritised Activities and timescales deemed necessary for that service or function to be put back into operation, assessed according to the nature of the service or function and its relative importance to the community which the Council serves. This whole process is

facilitated and coordinated by the Council's Community Safety and Resilience Service.

- 9.5. It is anticipated that most operational risk registers will record loss of business continuity as a risk. Where this is recorded as a risk the business continuity plan will form the control measures put in place to mitigate the risk.

Health and Safety Assessments

- 9.6. The Council has statutory duties in respect of health and safety. To comply with these duties the Council has put in place a system of Health and Safety Risk Assessments for each of the Council's activities. Health and Safety management is a fundamental part of the Council's work, for which detailed assessments and processes are maintained. Guidance on these matters is provided to Managers..

- 9.7. The Health and Safety risk assessment process is distinct from the overall operational or strategic risk assessment process but is intrinsically linked to risk management. The degree to which Health and Safety risks present a risk to business operations will vary depending on the type of business activity. When compiling operational risk registers officers should consider the level of health and safety risk.

- 9.8. It is essential that each service understands

- the critical role that Health and Safety risk assessments play in protecting the whole Council and
- that assessments are carried out in accordance with the Council's Health & Safety Policy.

- 9.9. Where assessments identify significant risks and where the impact could affect the Council achieving its organisational objectives, these need to be recorded and communicated, following the procedure described in this document.

10. GUIDANCE AND TRAINING

- 10.1. The Chief Officer for Corporate Finance and Pensions is responsible for developing risk management capability across the organisation, through the provision of guidance, training and support.
- 10.2. Guidance materials are under review to ensure they reflect the needs of the organisation and are compatible with the organisations structure having the flexibility to adapt to new and changing structures. New ways to engage with officers and leaders to help with the

understanding and embedding of effective risk management is under regular review, with the options for digital learning and development high on the agenda.

- 10.3. The risk management intranet pages are continually being improved. New training with accompanying companion guidance has been and will continue to be developed and rolled out.

11. RISK REGISTER

- 11.1. As part of good governance, the Council manages and maintains a register of its key strategic and operational business risks - assigning named individuals as responsible officers for ensuring the risks and their control measures are monitored and effectively managed.
- 11.2. The risk register is a critical tool for capturing and reporting on risk activity and the organisations risk profile. The risk register is a live database where new risks are captured, others are managed to extinction and some require close and regular monitoring.
- 11.3. Risk Registers are held on the Council's Risk Management Information System – JCAD which is accessed by Risk Owners across the Organisation. This system has recently been upgraded; the new system is more user friendly and will provide performance dashboards and improved reporting tools to assist risk owners in their responsibilities, and the development of the Strategic Risk Register. Training on the new system has been delivered to all Risk Owners and training to Officers before March 2020.

12. CONSULTATION AND COMMUNICATION

- 12.1. To encourage ownership throughout the Council it is necessary to involve all employees during the risk management process. Chief Officers will implement this by:
- Making employees aware of the importance of risk management and their role in promoting better risk management;
 - Consulting employees during the risk identification, assessment and action plan stage in respect of service/function specific risks where the views of staff working in that service or function will be invaluable to that process;
 - Consulting employees during the preparation of Business Continuity Plans.

13. MAINTAINING PROFESSIONAL EXPERTISE

- 13.1. Officers and Members involved in the risk management process are responsible for ensuring that their knowledge and skills in assessing and managing risks remain current. Regular training will be facilitated by the Chief Officer for Corporate Finance and Pensions.
- 13.2. The Council will maintain membership of an appropriate professional body that promotes expertise in risk management. Staff employed in a capacity involving significant amounts of risk management or insurance work will be supported with undertaking professional training.

14. REVIEW

- 14.1. The Risk Management Policy Statement and Strategy will be reviewed annually.

15. GLOSSARY OF TERMS

- 15.1. A glossary of the terms used throughout this policy and in the Council's Risk Register is provided in Appendix 2. It also provides a cross reference of these terms to the terms used in British Standard BS 31100 – Risk Management Code of Practice (2008)

GUIDANCE FOR ASSESSING THE IMPACT AND PROBABILITY OF RISKS

The following guidelines are provided to offer managers guidance in assessing the seriousness of a risk. The guidelines cover both the probability and impact of risks and are intended to promote consistency across the organisation in the assessment of risk. The guidelines are intended to ensure that particularly serious risks are consistently identified wherever they occur in the organisation.

It is stressed that it may still be appropriate to take mitigating actions even where a risk is considered to be unlikely or of low impact. However, it is important that the use of resources in mitigating risk is proportionate to the seriousness of the risk identified through the risk assessment process. For example the likelihood of losing experienced staff due to a lottery win is very low, but mitigating actions such as keeping written procedures can be put in place at minimal cost.

Examples are provided for different categories of risk and it is recommended that the overall risk assessment score should be based on the highest scoring category.

Table 1 - Guidelines for Assessing the Probability of Risk Occurring Table 2-
Guidelines for Assessing the Impact of Risk

TABLE 1 - GUIDELINES FOR ASSESSING THE PROBABILITY OF A RISK OCCURRING

5 Almost	4 Likely	3 Possible	2 Unlikely	1 Rare
Is almost certain to happen in the next 2 years. Number of credible sources indicate event is imminent.	Is more likely to happen than not happen in the next 2 years. Likely to occur and is a persistent issue.	Is less likely to happen than not happen in the next 2 years, not a persistent issue.	Not expected but could / has occurred at some point.	Unlikely to occur; limited or no evidence of the event happening in the past.

TABLE 2 - GUIDELINES FOR ASSESSING THE IMPACT OF RISK

Category	5 Catastrophic	4 Major	3 Moderate	2 Minor	1 Low
Service Disruption	Total failure of service, or impact at strategic level, on Strategy objectives or annual priorities	Serious disruption to service, or impact on a number of services/ processes.	Disruption to service, or some impact on other objectives for a short period of time	Some minor impact on service delivery affecting one service area	Single objective/ project failure / limited noticeable impact to external service delivery.
Financial	Permanent financial loss (a shortfall in income, or additional expenditure) >£1.0 million pa or One off loss >£2 million	Permanent financial loss (a shortfall in income, or additional expenditure) >£0.5 million / One off loss > £1 million	Permanent financial loss (a shortfall in income, or additional expenditure) >£0.1 million / One off loss > £0.5 million	Permanent financial loss (a shortfall in income, or additional expenditure) >£0.05 million/ One off loss > £0.1 million	Permanent financial loss (a shortfall in income, or additional expenditure) up to £0.05 million/ One off loss up to £0.1 million
Reputation	Substantial adverse media comment at National level with long-term impact such as resignation of key senior staff.	Adverse publicity in national media for a short period or sustained adverse publicity in local media	Adverse publicity in regional/local media and/or significant dissatisfaction of service users	Adverse publicity at local level with some dissatisfaction amongst service users	Limited local adverse publicity/ dissatisfaction within the organisation

Category	5 Catastrophic	4 Major	3 Moderate	2 Minor	1 Low
People	Fatality and/or serious injury/illness to a number of persons to whom the Council has a duty of care	Individual fatality and/or serious injury/illness to a person to whom the Council has a duty of care	Serious injury or permanent injury/illness of one or more persons to whom the Council has a duty of care	Major injury or serious illness to an individual (impairment lasting more than 1 month)	Minor injuries or illness to one of more persons (impairment lasting less than 1 month)
Governance	Serious/ widespread failure in governance resulting in external intervention by Central Government or other agencies /failure of a strategic partnership with long term impact	Failure of organisational governance resulting in legal action, for example, a frequent breach of standards of conduct or failure to consult communities.	Failure to meet expected standards at Directorate level of conduct and personal behaviour resulting in, for example, an internal investigation.	Failure to meet expected standards at Service level of conduct and personal behaviour resulting in, for example, an internal investigation.	Localised failure to maintain internal controls or isolated failure to meet the expected standards of conduct and personal behaviour resulting in, for example, internal disciplinary action.

GLOSSARY OF RISK MANAGEMENT TERMS

The following terms and associated definitions are based on the “British Standard BS 31100 – Risk Management Code of Practice (2008)” and are used throughout this Strategy and the risk management process. The terms shown in italics indicates any intended departure from the standard wording.

Consequence	Outcome of an incident that will have an effect on the Councils objectives.
Target Risk (<i>Controlled Risk</i>)	Desired risk exposure level taking account of the effectiveness of the additional mitigation.
Residual Risk (<i>Current Risk</i>)	Current risk with existing controls after risk treatment.
Emerging Risk	Risks that have not yet occurred but are at an early state of becoming known and / or expected to grow in significance.
Issue	Something that can be adequately controlled through routine operational activity.
Control (<i>Control Measure</i>)	Policies, procedures, practices and organisational structures designed to provide assurance that a risk is managed.
Likelihood (<i>Probability</i>)	Chance of something happening.
Operational Risk	Risk of loss or gain, resulting from inadequate or failed internal processes, people and systems or from external events.
Project Risk Profile	The potential levels of risk that might arise from undertaking a project.
Risk	Effect of uncertainty.
Risk Description	Detailed description of the risk outlining possible causes and impact.
Risk Mitigation	Measures taken to reduce an undesired consequence.
Risk Owner	Person best placed to manage the risk and ensure risk exposure levels are minimised.
Risk Register	Record of information about identified risks.
Risk Tolerance	The Council’s readiness to bear the risk after risk treatments in order to achieve its objective.
Strategic Risk	Risk concerned with where the Council wants to go, how it plans to get there, and how it can ensure it meets its obligations.
Gross Risk (<i>Uncontrolled Risk</i>)	Exposure arising from a specific risk before any action has been taken.