

REPORT TITLE: MANAGING PROJECT RISKS

29 NOVEMBER 2018

REPORT OF PORTFOLIO HOLDER: CLLR ASHTON – PORTFOLIO HOLDER FOR FINANCE

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WARD(S): ALL

PURPOSE

This report sets out details of how the Council manages major project risks and how assurance is gained that the risks are being managed effectively.

RECOMMENDATIONS:

1. That the report be noted.

IMPLICATIONS:

- 1 COUNCIL STRATEGY OUTCOME
 - 1.1 Effective use of risk management supports the Council to manage threats and opportunities to achieve the aims and objectives as set out in the Council Strategy.
- 2 FINANCIAL IMPLICATIONS
 - 2.1 None directly.
- 3 LEGAL AND PROCUREMENT IMPLICATIONS
 - 3.1 None.
- 4 WORKFORCE IMPLICATIONS
 - 4.1 None directly.
- 5 PROPERTY AND ASSET IMPLICATIONS
 - 5.1 None.
- 6 CONSULTATION AND COMMUNICATION
 - 6.1 Executive Leadership Board and the Portfolio Holder for Finance have been consulted on the content of the report
- 7 ENVIRONMENTAL CONSIDERATIONS
 - 7.1 None required.
- 8 EQUALITY IMPACT ASSESSEMENT
 - 8.1 None required.
- 9 DATA PROTECTION IMPACT ASSESSMENT
 - 9.1 None.
- 10 RISK MANAGEMENT

This paper concerns the Council's approach to risk management on key projects and so many of the considerations of the below will be reviewed as part of the Audit Committee's review of the paper and presentation.

Risk	Mitigation	Opportunities
<i>Property</i>	n/a	
<i>Community Support</i>	n/a	n/a

<i>Timescales</i>	n/a	n/a
<i>Project capacity</i>	n/a	n/a
<i>Financial / VfM</i>	n/a	n/a
<i>Legal</i>	n/a	n/a
<i>Innovation</i>	n/a	n/a
<i>Reputation</i>	n/a	n/a
<i>Other</i>	n/a	n/a

11 SUPPORTING INFORMATION:

- 11.1 At the last meeting of the Committee during consideration of the Risk Management Policy for 2018, Members agreed that an item be brought to the next meeting to cover managing risks in major projects and how assurance could be given.
- 11.2 The Council's Risk Management Policy (see AUD219 that went to the previous Audit Committee meeting in July) outlines the approach it takes with regard to managing risks and opportunities using a structured, focused and proportional methodology.
- 11.3 This approach is adopted by the Council for identifying and managing all types of risk including those risks relevant to the major projects.
- 11.4 The Cabinet has established a separate committee for each major project that takes responsibility for ensuring that effective actions are in place to address key risks. The risk registers for the Sport & Leisure and Station approach Cabinet committees are appendices to this report.
- 11.5 There will be a presentation to the Audit Committee on risk management on the projects to enable a more interactive discussion of how key project risks are considered across the projects and where there are any risks combined across the projects.

Chesil Lodge

- 11.6 As an example of how major project risks are managed, below are details of how the risks were managed for the recently completed Chesil Lodge project.
- 11.7 A Council risk register was maintained throughout the Chesil Lodge project with risks categorised as Financial, Reputational and Technical/Legal.
- 11.8 This risk register complemented the contractor risk register maintained by Galliford Try which dealt with more detailed technical and programme issues.
- 11.9 The Council Risk Register was reported to and reviewed at each Project Board meeting. Each risk was assigned a lead and the whole register was overseen by NHT. Anything that was highlighted as a red risk was specifically escalated for Board attention.

11.10 In some cases this was for information as mitigation was already in place, at others it was for discussion and resolution. Discussion at Board was not limited to red risks and the forum proved to be a useful arena to problem solve and mitigate risks. The Board also had a role in adjusting risks levels as it saw fit.

11.11 The approach taken to risk management was not unusual, however key points to note are that:

- Risk management and the role of the Project Board were intertwined. The Register was discussed at each Board meeting and the Board help generate solutions.
- The process empowered risk leads and others to highlight areas of concern and to seek support. The Board provided an authoritative and challenging, but ultimately a supportive, “no blame” environment for problems to be resolved.
- Each risk was owned. Where progress was not being made by the owner either (a) difficulties occurred (e.g. delays, heightened risk problems for inter-connected issues, or (b) the Board provided a Forum for that owner to seek support on progressing matters (e.g. resolving conflicting objectives, seeking extra input/staff resource).
- The Register was dynamic. It was reviewed between meetings, risk level was adjusted and, after initial scoping, new risks added as they emerged.
- The Register was a little more detailed than is perhaps seen in other circumstances, reflecting the desire for tight control and the membership and role of the Board.
- Issues on the Register were often also agenda items at Board meetings. The Register provided an opportunity to sense check and close off discussions on matters that were higher risk.
- Issues other than red risks were discussed where desirable.
- At times the complexities of dealing with the risks required small task and finish groups/activities. The Register/Board was helpful in ensuring sufficient importance was attached to dealing with the risk by individuals/teams.

12 OTHER OPTIONS CONSIDERED AND REJECTED

12.1 None.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

AUD219 Risk Management Policy 2018

Other Background Documents:-

None

APPENDICES:

Appendix A – Sport & Leisure Park risk register CAB3076 (LC) – appendix 2

Appendix B – Station Approach risk register CAB3083 (SA) – appendix 4