Appendix 3 – Costed Risk Approval Process

The proposal is as follows:

- The Project Manager will produce a costed risk register to be updated and submitted at each Gateway stage (including Progress and Issue Reports), outlining their requested provision amount based on their evidence-based risk analysis;
- Members will review and scrutinise both the costed risk register and proposed provision before approving an appropriate amount against a specific risk locked down for that Gateway;
- The risk provision will be held on a separate budget line and use will not be permitted for items not listed in the costed risk register agreed by Members;
- Should a risk on the risk register become an issue requiring contingent action the default position will be the provision allocated can be accessed for mitigation, following Chief Officer sign off;
- However, should the Chief Officer feel the Project Manager is appropriately skilled and trained they may delegate this responsibility to the Project Manager, though this must be set out clearly at the start of the project when submitting the Gateway 2 paper (Project Briefings at Gateway 1 require Chief Officer approval as part of the new process);
- The Chairman of Projects Sub Committee may call in projects to provide further details on the nature of usage;
- The cumulative total provision and spend will be tracked via the Project Cover Sheet, whilst a template will be developed to initiate the request for release of the funds;
- Project Managers will be expected to return at each Gateway with an updated risk analysis logging changes, including the impact of mitigation action taken and any provision used, as well as the new proposed provision amount requested for that stage;
- There will be a clear distinction between the requested amount for each Gateway risk provision and the overall estimated risk value against the project. Budget will be approved for the former after review at each stage, whilst the latter is expected to change according to use of the Gateway risk provision. A total project risk provision will not be allocated up front;
- Where the Gateway provision spent exceeds £500,000, this will automatically trigger a report to Committee, updating Members on how the funds have been used;
- It is expected that clarity on the risks and costs attached to a project improve throughout each stage, with the benefit of earlier mitigation reducing the overall estimated costed provision required at commencement of work.

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                    ┌──────────────────────────┐                    ┌──────────────────────┐
                    │  Project Manager requests │                    │     PSC Review       │
           ┌───────▶│  Costed Risk Provision at │───────────────────▶│    Costed Risk       │
           │        │       each Gateway        │                    │                      │
           │        └──────────────────────────┘                    └──────────────────────┘
           │                                                                     │
           │                                                                     ▼
┌──────────────────────┐                                          ┌────────────────────────────┐
│   Project Manager    │                                          │  Costed Risk Provision     │
│  reports any usage at │                                          │  agreed by PSC & allocated │
│  next Gateway Report │                                          │     to project budget      │
└──────────────────────┘                                          └────────────────────────────┘
           ▲                                                                     │
           │                                                                     ▼
┌──────────────────────┐                                          ┌────────────────────────────┐
│  Unused provision    │                                          │  Delegation to Chief       │
│  returned to centre  │◀─────────────────────────────────────────│  Officer for use of        │
│  at each Gateway     │                                          │  provision (against risks  │
└──────────────────────┘                                          │  agreed by PSC only)       │
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